**Speech of Thiru O. Panneerselvam, Hon'ble Minister for Finance, Government of Tamil Nadu, presenting the Budget for the year 2012-2013 to the Legislative Assembly on 26th March, 2012.**

**Hon'ble Speaker Sir,**

அஞ்சாமை ஈகை அறிவூக்கம் இந்நான்கும்
எஞ்சாமை வேந்தர்க் கியல்பு

***Courage, generosity, knowledge and zeal in boundless measure are four-fold traits natural to rulers.***

With the blessings of the benevolent leader, our Hon'ble Chief Minister **Puratchi Thalaivi J Jayalalithaa**, who is the embodiment of all the above four virtues of an ideal ruler viz., courage, generosity, sagacity and zeal as enshrined in Thirukkural, the universal doctrine, I rise to present the Budget Estimates of the Government of Tamil Nadu for the year 2012-2013 before this august House. This being the second Budget of this Government, I am greatly indebted to our Hon'ble Chief Minister who has given this great opportunity to a humble person like me.

2. The people of Tamil Nadu have realised that the only beacon of light for the State, now and in future, is our Hon'ble Chief Minister and have therefore reaffirmed their faith in the recent by-election in

Sankarankoil Assembly Constituency by giving a massive victory. Hon'ble Chief Minister has created an unprecedented record in the annals of Tamil Nadu by retrieving the State from the abyss and placing it back on the path of prosperity and development within just ten months of assuming office. The trust placed in her by the people of Tamil Nadu will never fail, as proved by the multitude of schemes translating her election promises into reality.

3. Victory brings responsibility. It rests upon us to fulfill our promises and the aspirations of our people, against all odds. When we assumed office, the State was facing insurmountable problems. Law and order was at its nadir, State development was in reverse gear and its finances were in disarray. You will all agree that, after the massive victory, our Government, under the Hon'ble Chief Minister, has been working tirelessly to turn this tide, thus restoring the health of State finances to deliver a responsive people-friendly Government. Our Hon'ble Chief Minister has a great desire to transform our State into a land of affluence; a State where everybody gets everything needed for a decent life; a State which keeps poverty and penury at bay; a State where no youth remains unemployed; a State which assures the well being of all, even the marginalised, in every sphere of life and wipes away every tear from every eye.

4. Socio-economic development should be inclusive and should benefit every one. Our policies are measured and balanced to achieve growth with equity. The bedrock of our policy, therefore, would continue to be the upliftment of the poor and the downtrodden, while striving incessantly for a vibrant economic growth that will lift the State economy to new heights. In our march towards this goal, we continue to address the challenges in fiscal consolidation, improving the efficiency of governance, enhancing farm productivity and strengthening infrastructure, particularly in the Power Sector for boosting the Manufacturing Sector.

5. With these guiding principles, a multitude of new schemes have already been launched for ensuring prosperity through economic development and livelihood security through education, health, employment, social security and food security. Doubling the social security pension; free rice to keep hunger away from the State; marriage assistance with gold coin for '*Thali*' to poor girls and enhanced assistance for girls with graduate degree and diploma; doubled maternity assistance to poor women; monetary incentive to reduce school dropouts among children; comprehensive health insurance scheme for the poor; distribution of mixies, grinders and fans to women without cost; distribution of milch animals, sheep and goats to poor families; and solar powered green houses for the poor, illustrate the level of compassion the

Hon’ble Chief Minister has towards the poor. Further initiatives like supply of laptop computers without cost to students; substantial improvement in the infrastructure of the education and health sectors; unprecedented support to rejuvenate the Primary Sector; a multi-pronged strategy to increase agricultural production by ushering in a second green revolution; an enabling environment for industrial investment and growth through a series of policy initiatives; two mission mode infrastructure programmes for urban areas; etc., have laid a strong foundation for boosting economic growth further.

## CALAMITY RELIEF

6. The Thane Cyclone wreaked immense havoc and wrought severe damage in Cuddalore and Villupuram districts. Hon’ble Chief Minister, who is the embodiment of benevolence and compassion, led the immediate relief operations with admirable determination. Rs.850 crores was sanctioned for immediate relief. Rs.160 crores was disbursed as compensation for 5,77,584 damaged huts and Rs.205 crores was disbursed to farmers to compensate for 5,58,163 acres of crop damage. Essential services like electricity, road connectivity and water supply were restored at remarkable speed.

7. Considering the extensive damage to huts and perennial crops, Hon'ble Chief Minister also ordered permanent rehabilitation measures. As already announced in **the Governor's Address, our Hon'ble Chief Minister has ordered to set apart an amount of Rs.1000 crores in this Budget for constructing one lakh concrete houses to replace permanently damaged huts in these two districts.** Hon'ble Chief Minister also announced a special package of Rs.790.18 crores to replant and rejuvenate cashewnut, coconut and other plantations and also to re-cultivate the annual crops, to bring prosperity back to the lives of affected farmers. An exclusive Project Management Unit has already been set up to monitor the relief works in these two districts. **As the State of Tamil Nadu often encounters natural calamities, a dedicated State Disaster Rescue Force will be formed to respond expeditiously and effectively. This will be on the pattern of the National Disaster Relief Force, trained in rapid rescue operations.**

## VISION 2023

8. The current economic scenario calls for a farsighted and target oriented approach from the Government to make Tamil Nadu the most prosperous and progressive State in the country. **Our Hon'ble Chief Minister has responded to the challenge and**

**has formulated a Tamil Nadu Vision 2023 Document for the State, with clear goals to be achieved by the year 2023, coinciding with the next two Five Year Plans. This vision statement, which revolves around ten important themes, has been unveiled by our Hon'ble Chief Minister on 22$^{nd}$ March 2012. The vision document aspires for a six fold growth in per-capita income over the next 10 years and aims at inclusive growth and making the State poverty free. The Vision 2023 aims at making Tamil Nadu the State having the best infrastructure services in all vital sectors as well as the highest Human Development Index (HDI) ranking in India. Our Hon'ble Chief Minister's vision also spells out a clear strategy for achieving these lofty goals. This strategy would include, *inter alia*, increasing the share of manufacturing in the State's economy; making the Micro, Small and Medium Enterprises (MS&ME) sector more vibrant; imparting skills; improving agricultural productivity and making Tamil Nadu the Knowledge Capital and Innovation Hub of India**.

9. **This Vision document also envisages a total investment in key infrastructure projects of Rs.15,00,000 crores, which would create huge positive externalities and open up the economy for rapid growth. This Budget has been drafted with**

**these policy goals in mind. As already promised, we will shortly introduce legislation to form the Tamil Nadu Infrastructure Development Board with the Hon'ble Chief Minister as the Chairperson to commence implementation of the new projects. We have allocated Rs.1,000 crores to begin with, for the Tamil Nadu Infrastructure Development Fund in the Budget Estimates for 2012-2013.** I am confident that it would mark a remarkable beginning in our ambitious journey towards achieving the goals of Vision 2023.

## ECONOMIC DEVELOPMENT

10. Our State economy has expanded only at an average annual rate of 8.05% as against the national average of 8.15% in the first four years of the Eleventh Five Year Plan (2007-2011). In the current year, the economic growth of the State is projected around 9.39% as per Advance Estimates. Our growth is still propelled largely by the service sector. As growth in the Primary Sector and in the secondary sector in 2011-2012 in the State are projected only at 2.63% and 7.12% respectively, higher investments and flow of funds into these sectors is the need of the hour. Although Tamil Nadu is a front ranking State in our country, the State's per-capita income at constant prices in 2010-2011 is Rs.58,177/- only. **Our Hon'ble Chief Minister has**

**envisioned in our State 2023 Vision Document the achievement of a double digit growth level, 2% above the national average, so that the economy grows faster and the percapita income of the State reaches the level of upper middle income countries by 2023. We will assiduously work towards this objective**.

11. The Government is aware of the vast regional disparities in key parameters of development across various regions of the State. In order to correct these regional imbalances, 100 most backward blocks and backward urban local bodies will be identified based on indicators in sectors like health, education, gender related indicators and other indicators like per capita income, incidence of poverty and unemployment. **The Government will constitute a State Balanced Growth Fund (SBGF) and targeted programmes will be launched in these identified areas with the objective of correcting these disparities. To make a beginning, a sum of Rs.100 crores has been provided under this scheme.** Funds available under various sectoral programmes including Backward Region Grant Fund of the Union Government will be dovetailed for this purpose.

## ANNUAL PLAN

12. The year 2012-2013 is the first year of the Twelfth Five Year Plan. We had earlier fixed a target of Rs.1.85 lakh crores for plan schemes during the Twelfth Five Year Plan period as against Rs.85,344 crores in the Eleventh Five Year Plan. **We now propose to hike the outlay to an ambitious target of Rs.2.0 lakh crores.** The achievement of this target calls for massive infusion of funds into plan schemes. **Hence, the size of the Annual plan for 2012-2013 has been increased to Rs.28,000 crores as against the Annual Plan size of Rs.23,535 crores in 2011-2012.** The Annual Plan has made sufficient allocations for priority sectors and has ensured that the Adi-Dravidar and Tribal communities get their due share.

## POVERTY REDUCTION

13. Tackling rural poverty calls for innovative and targeted interventions. The Government is effectively implementing the World Bank aided Pudhu Vaazhvu Project, started by our Hon'ble Chief Minister in 2005. This project is following a family based intervention strategy. Implemented initially in 70 backward blocks in 16 districts, now the coverage of the project has been extended to 50 more blocks in 10 more districts, thus benefiting a total number of 9.3 lakh households at a

cost of Rs.950 crores. In the coming financial year, this project will be implemented with an outlay of Rs.350 crores. Over the years, Women Self Help Groups have emerged as the agents of socio economic transformation in rural areas, particularly among the poor and the downtrodden. As on date, there are 5.35 lakh self help groups with 82.84 lakh members having total savings of Rs.3,225 crores in our State. They have obtained credit linkage of Rs.15,015 crores under the Mahalir Thittam so far. In addition, the centrally sponsored National Rural Livelihood Mission (NRLM) rechristened as *Aajeevika*, will also be launched in Tamil Nadu from 2012-2013 to tackle rural poverty.

14. The problem of urban poverty, though as real and at times even starker than rural poverty, has received scant attention. The centrally sponsored Swarna Jayanti Shahari Rozgar Yojana (SJSRY) is not adequately addressing this problem. This Government wishes to rectify this situation. Borrowing on the salient features of major rural poverty eradication programmes like Pudhu Vaazhvu, **this Government will launch the Tamil Nadu Urban Livelihood Mission in the coming financial year. This programme will focus on livelihood security for the urban poor by providing skill and employment opportunities, housing and basic amenities, universal access to health and education, social mobilisation and special homes**

**for vulnerable groups like street children and urban homeless, etc. It will lay special emphasis on inclusive policies involving women, destitutes and differently abled persons by dovetailing ongoing sectoral programmes. An amount of Rs.200 crores has been provided in this Budget for this programme.** I hope this initiative will bring large benefits to the hitherto neglected urban poor and bring them back to the mainstream of economic development.

**SKILL DEVELOPMENT & EMPLOYMENT**

15. Inspite of the rapid economic development creating a huge demand for skilled labour, there is widespread unemployment and under-employment among the educated youth of the State. The reason for this is that many of our educated youth with good technical qualifications are found wanting in soft skills and vocational skills, which makes them unemployable in the private sector. An analysis of the skill-need gap of Tamil Nadu for the next 15 years indicates that about two crore persons are to be skilled afresh or reskilled. **This Government will ensure that this arduous task will receive a focus in the coming financial year through convergence of the efforts of various departments which impart skill training under the umbrella of "Tamil Nadu Skill Development Mission" (TNSDM). This will involve adopting**

**flexible and innovative approaches to delivering skill training, certification, combining continuing education with work in co-ordination with industry. The Tamil Nadu Skill Development Mission which is currently being implemented through a society, will be reorganized as a Special Purpose Vehicle (SPV) with participation from the private sector as well. We have set apart Rs.75 crores in the Budget Estimates for 2012-2013 for providing such skill training through different departments. As employment exchanges attract a large number of youth, job seekers and employers, this Government will establish 37 district level Private Sector Placement Assistance Cells in all 32 districts at a cost of Rs.193.20 lakhs.**

## GOVERNANCE

16. Our Hon'ble Chief Minister has promised the people of Tamil Nadu that she would deliver good governance, which will rest on the pillars of efficiency, transparency, integrity and sensitivity to public needs. The last ten months have seen decisive steps taken by the Government in this regard. There has been a firm clamp down on corruption, and a plethora of steps to improve public infrastructure and better delivery of citizen centric services. **This Government will implement the National Population Register**

**Programme in the coming financial year and this biometric data base would be linked to various application softwares of utility departments like Public Distribution System, Social Security Pensions and other individual beneficiary oriented schemes like the Chief Minister's Comprehensive Health Insurance Scheme.** This step of linking biometric data with Aadhaar number for scheme implementation is expected to plug the leakages.

17. This Government views e-governance as a necessary and highly useful tool in making Citizen-Government interface more friendly and transparent. **The State will soon introduce a new e-governance policy. Building on the various levels of computerisation which have been achieved by several departments, this Government has decided to select the departments having high level Citizen-Government interface, for comprehensive computerisation with process re-engineering on a mission mode.** The departments of Police, Commercial Taxes, Civil Supplies, Treasuries and Accounts have already initiated this process. Other departments like Revenue, Registration, Social Welfare, Health, Rural Development, School Education, Employment and Training will commence the process of implementing computerisation in a comprehensive manner. The Government will also strive to extend the scheme of

Common Service Centres, now operating in select districts, to other areas. **In urban areas also, Common Service Centres will be designed and established in such a way that all Government and Public services are offered to the people as a one stop solution. The Government also proposes to promote the "Cloud Computing" model for enabling the sharing of hardware capacity among departments.**

18. **This Government proposes to introduce an Integrated Financial Management System so that the receipts and expenditure are monitored through Automated Treasury Management System. This will take care of end to end computerisation of the State receipts, expenditures and budgeting process. A treasury portal serving as a common payment gateway for remittance of all Government receipts will also be put in place. This would bring in better control over tax receipts and expenditure in different departments.**

## REVENUE ADMINISTRATION

19. This Government has taken several steps for streamlining the system of maintaining land records and facilitating speedy delivery of services. Patta transfer procedure was simplified after this Government assumed office and in the last six months 14 lakh patta transfer

applications have been disposed of. **In order to fulfill the objective of providing house sites to poor families, one lakh house site pattas will be distributed in the year 2012-2013.** Hon'ble Chief Minister has also ordered that laptop computers with printers should be provided to Village Administrative Officers for better delivery of services to the people. **Action is being taken to provide laptop computers with printers to Village Administrative Officers at a cost of Rs.22.49 crores. Taluk offices are one of the main points of Citizen-Government interface. With a view to creating a citizen friendly environment for grievance redressal, this Government has decided to allocate Rs.50 lakhs to each district to improve the public amenities in the premises of Taluk Offices.**

## LAW AND ORDER

20. One of the main objectives of this Government is to maintain an atmosphere of peace and tranquillity in the State. In the last ten months, the State remained peaceful and law and order was deftly maintained. On many occasions, Hon'ble Chief Minister has amply demonstrated her uncompromising determination and firm resolve not to spare anti-social elements. This Government has constituted 39 Anti Land Grabbing Special Cells at a cost of Rs.20.75 crores. We

have received 30,071 complaints of land grabbing in various districts and lands worth Rs.724.22 crores have been retrieved so far. We have also sanctioned 25 Special Courts to try land grabbing cases.

21. This Government is modernising and strengthening the Police Force with sophisticated equipment and training. E-governance initiatives like Crime and Criminal Tracking Network and Systems (CCTNS) with central funding will be put in place shortly, to make the department efficient and public friendly. Special units such as Crime Branch, Economic Offences Wing, Idol Wing, etc. which were not covered under central funding, will also be brought under CCTNS with State funding.

22. The overwhelming success of the e-challan system introduced in Chennai has now paved the way for its introduction and implementation in five more Commissionerates viz., Madurai, Salem, Coimbatore, Tirunelveli and Thiruchirapalli and on a pilot basis in Kancheepuram District at a cost of Rs.90 lakhs. **As the next step, it is proposed to set up an Integrated Traffic Management System in Chennai with state-of-the-art infrastructure at an estimated cost of Rs.150 crores. This system would enable total automation of the enforcement process, ensuring easy monitoring and better regulation of traffic.**

Let me also add here that to strengthen the Chennai City traffic enforcement, during 2011-2012, our Government has added 87 more patrol vehicles to the existing fleet.

23. It is imperative that police personnel are allotted residential quarters nearer to their work place as they have to swiftly respond to emergencies. Hence this Government has decided to attain 100% housing satisfaction for the Police. Towards this, in the last year, orders have been issued for constructing 3,440 quarters at an estimated cost of Rs.288 crores. During 2012-2013, construction of an additional 4,340 quarters will be taken up at a cost of Rs.400 crores.

## ROAD SAFETY

24. At the all India level, Tamil Nadu accounts for 13% of all road accidents and 12% of fatal road accidents. Therefore, this Government has given top priority to taking corrective action. During 2011-2012, Rs.40 crores was set apart for the Road Safety Fund. **It is proposed to increase this amount to Rs.65 crores of which Rs.25 crores will be earmarked for the Highways Department. This amount will be utilised for improving traffic infrastructure, signals, rectifying defects in accident prone stretches, creating awareness and training. We also propose to set up Heavy Motor Vehicle Driving Schools for**

**increasing the availability of well trained drivers at a cost of Rs.13 crores in 13 districts where such facilities are not existing now.** Further, the Hon'ble Chief Minister has ordered the strengthening of the highway patrol by increasing the existing 122 patrol units to 260 patrol units by deploying an additional 69 patrol parties on National Highways and 69 patrol parties on State Highways.

## FIRE AND RESCUE SERVICES

25. The Government has sanctioned new Fire and Rescue Service Stations at Chinnasalem in Villupuram district, T.Kallupatti in Madurai district and Alangulam in Tirunelveli district during 2011-2012. Further, to modernize the Fire and Rescue Services, nine advanced water tenders and eight mini water tenders were sanctioned at a total cost of Rs.320.40 lakh during this year. A sum of Rs.197.58 crores has been provided for Fire and Rescue Services in the Budget Estimates for 2012-2013.

## JUDICIAL ADMINISTRATION

26. With the objective of providing adequate infrastructure to the Judiciary, this Government has sanctioned several works at a cost of Rs.21.66 crores during 2011-2012. The Thirteenth Finance Commission has recommended a grant of Rs.30.00 crores for the

construction of Alternative Dispute Resolution Centres in all the Judicial Districts at the rate of Rs.1.00 crore for each district. As soon as this Government took charge, Rs.4.20 crores was sanctioned for the construction of an Alternative Dispute Resolution Centre in Chennai. This Government has also sanctioned a sum of Rs.29 crores to construct such Centres in the remaining 29 Judicial Districts.

27. Since there are 185 vacancies of Civil Judges, this Government issued orders for the recruitment of Judges to fill these vacancies through the High Court of Madras. Forty nine Fast Track Courts functioning in this State from 2001-2002, were converted into permanent courts by this Government. I would also like to mention here that to reduce the pendency of cases, Lok Adalats have also been sanctioned in all the districts by this Government. **A sum of Rs.736.15 crores has been provided in the Budget Estimates 2012-2013 for Judicial Administration.**

## AGRICULTURE AND CO-OPERATION

28. Inspired by the vision of our Hon'ble Chief Minister to usher in a second green revolution, this Government took manifold proactive steps for the development of agriculture and the welfare of farmers. In this regard, we will continue to focus on farm

productivity, farm and crop diversification, promoting farm mechanisation, increasing water use efficiency, strengthening post harvest infrastructure and value addition to agricultural produce. **The adequate flow of funds into this sector has been ensured through the highest ever allocation of Rs.3,804.96 crores for agriculture in the Budget Estimates 2012-2013.**

29. This Government had set an ambitious target of 115 lakh metric tonnes of food grain production for 2011-2012 as against 75.90 lakh metric tonnes in 2010-2011. The Hon'ble Members are aware that there has been considerable damage to crops due to the Thane cyclone and floods this year. In spite of this, I am hopeful that the food grain production will be **105 lakh metric tonnes** during 2011-2012 due to the timely and prioritized actions of this Government. **In the coming financial year, this Government targets to achieve food grain production of 120 lakh metric tonnes.**

30. During 2011-2012, we have taken up new schemes with an outlay of Rs.483 crores under the National Agriculture Development Programme (NADP). **In the year 2012-2013, Rs.500 crores is provided in the Budget Estimates for this scheme. The System of Rice Intensification (SRI), which covered up to 25.03 lakh acres in 2011-2012 will be extended up to 27.55 lakh acres in 2012-2013. In the coming**

**year the Sustainable Sugarcane Initiative Programme will be implemented in 15,000 acres. To improve production of pulses, the System of Pulses Intensification (SPI) will be implemented in 1.6 lakh acres, based on the 'Whole Village Concept'.** With a view to increasing the productivity, the availability of quality seeds will be ensured through a system of involving private players in the mass production of such varieties and hybrids. The National Horticulture Mission is being implemented with an outlay of Rs.145 crores during 2011-2012. Our initiatives to promote high end technology to increase the productivity of Horticultural crops will continue. **We have allocated Rs.21.50 crores under the National Horticulture Mission in the Budget Estimates for 2012-2013 as the State's share to make the overall outlay of Rs.150 crores on this scheme.**

31. In order to ensure adequate, fair and consistent prices to our farmers for their produce, **the State Government is offering an incentive of Rs.50/- per quintal for the common variety and Rs.70 per quintal for the fine variety over and above the Minimum Support Price (MSP) of the Central Government, thereby providing a final price of Rs.1,130 per quintal for the ordinary variety and Rs.1,180 per quintal for the fine variety of paddy.** A sum of Rs.200 crores is allocated in this Budget as

State production incentive. The State has also increased the State Advised Price (SAP), including transportation charges, for sugarcane and fixed it at Rs.2,100 per metric tonne. **An Agri-Market Intelligence and Business Promotion Centre will be established at Trichy during 2012-2013 to disseminate information on prices. Through this Centre, crop and market advisory services will be rendered to the farmers.**

32. Agricultural insurance protects the farmers from production losses due to natural calamities like floods and drought. This Government has set apart a sum of Rs.252.65 crores towards State's share of premium as well as excess compensation to be paid to farmers. It is also noteworthy that the number of farmers who have availed of insurance cover in 2011-2012 has increased to 8.48 lakhs from 8.18 lakhs in 2010-2011. **In the coming financial year, the Government has set a target of 10 lakh farmers to be covered under agricultural insurance.**

33. To promote better water management and crop diversification, we are providing 100% subsidy for small and marginal farmers and 75% for others for installing micro-irrigation systems. During 2011-2012, we have covered 1,12,500 acres under micro irrigation. **We propose to cover 1,73,000 acres during 2012-**

**2013 for which Rs.75 crores has been provided as subsidy in this Budget. Further, a new system of disbursing the subsidy directly to farmers, giving them an option to choose the appropriate equipment supplier and third party inspection to ensure correct utilisation of funds will be introduced from the coming year.**

34. To minimise post-harvest loss, this Government has launched a massive effort to improve marketing and storage facilities with an outlay of Rs.274.97 crores using NABARD loan assistance. In the coming financial year, these works will be completed. **During 2012-2013, this Government will invest an additional Rs.300 crores to improve warehousing and market facilities under NABARD–RIDF loan. Our support to promote the agro processing industry through private-farmers partnership will continue.**

35. The ill-conceived changes in the fertilizer subsidy policy of the Union Government has led to a steep rise in the price of fertilizers. We strongly object to these changes. The State Government has done its share by exempting fertilizers from VAT, thus reducing the burden of our farmers. We urge the Union Government to revisit their new fertilizer policy to make it farmer-friendly. This Government is providing financial

support to the Tamil Nadu Co-operative Marketing Federation Ltd. (TANFED) to procure and distribute fertilizers, particularly phosphatic fertilizers to farmers. **In the coming financial year, the present interest free loan to TANFED will be enhanced to Rs.150 crores to ensure the timely supply of fertilizers to farmers at a reasonable cost.**

36. During 2011-2012, as against the target of Rs.3,000 crores to be given as crop loans by co-operative institutions, Rs.3,113 crores has been disbursed to eight lakh sixty eight thousand farmers so far. Keeping in view the additional credit needs, **this Government has fixed the crop loan target of the Co-operative sector at Rs.4,000 crores for the year 2012-2013. This crop loan will be interest free for farmers who repay promptly. Rs.160 crores has been set apart for this interest subvention in this Budget.**

## ANIMAL HUSBANDRY

37. The development of the animal husbandry and dairying sector is vital for sustainable income to farmers. Fulfilling the promise made in the election manifesto by the Hon'ble Chief Minister, this Government has launched the schemes of free distribution of milch cows and goats/sheep to the rural poor. In the current year, this Government has distributed free milch cows to

12,000 beneficiaries in milk deficit villages across the State. I am glad to inform the Hon'ble Members that this initiative has helped the State to increase its milk production. One lakh landless poor rural women were provided with four goats/sheep each this year to improve their economic status. **The above flagship schemes of this Government will be implemented next year also. We will distribute milch cows to another 12,000 beneficiaries and four goats/sheep each to another 1.5 lakh poor women beneficiaries during 2012-2013. A sum of Rs.244 crores has been allocated for these schemes in the Budget Estimates for 2012-2013.**

38. This Government has also launched a major fodder development scheme in order to overcome the green fodder shortage and at the same time boost the productivity of animals, especially milch cows, across the State. **During 2011-2012, an amount of Rs.20 crores was allocated to undertake fodder cultivation in 24,000 acres. The above scheme has been widely welcomed by the farmers and will also be continued during 2012-2013 with a further outlay of Rs.20 crores.**

39. While there have been conscious efforts to enhance milk and meat production in the State, this Government now also wishes to spread the success of

the poultry sector in the western districts of Tamil Nadu to other regions of the State. With a production of nearly 1080 crore eggs per year, Tamil Nadu ranks second in the country in egg production. The State also accounts for nearly 17.71% of the poultry population of the country. Poultry farming is now developing into an eco-friendly profitable avocation which can bring in substantial income to the rural poor. **It is, hence, proposed to bring in a special package for encouraging native chicken rearing on a commercial scale throughout the State. We will also initiate steps to develop Poultry Clusters around the Sankarankoil area and Villupuram area by promoting broiler and layer units on the pattern of the Namakkal area.**

40. This Government has also taken unprecedented steps to augment the veterinary infrastructure across the State. Besides upgrading 585 Veterinary Sub-Centres as Veterinary Dispensaries during 2011-2012, funds to the extent of Rs.122 crores have been sanctioned through NABARD-RIDF for strengthening the extension infrastructure across the State. During 2011-2012, this Government has provided a special allocation of Rs.25 crores for the renovation of existing veterinary hospitals and dispensary buildings. **In 2012-2013, we propose to start 50 new veterinary sub centres and 20 new veterinary dispensaries in**

**needy places. It is pertinent to point out that we have doubled the allocation for the Animal Husbandry Sector when compared to the year 2010-2011 and have provided Rs.814.03 crores during 2012-2013.**

**FISHERIES**

41. Immediately after taking charge in May 2011, this Government had announced the enhancement of the relief assistance given to fishermen during the fishing ban period from Rs.1,000 to Rs.2,000 per family. During 2011-2012, Rs.31.63 crores has been disbursed as relief assistance to over 1.58 lakh families under this scheme. This scheme will be continued during 2012-2013 also. We announced the implementation of a new unique scheme for disbursement of an additional relief amount of Rs.4,000 to each fisherman family during the lean fishing period. Under this scheme, an amount of Rs.70 crores was disbursed to 1.70 lakh families as a relief during the year 2011-2012. This scheme will be continued in the ensuing year.

42. In order to create the necessary facilities for hygienic handling and preservation of fish, long pending projects at a cost of Rs.102.75 crores for improving the infrastructure at Nagapattinam and Pazhayar fishing harbours, new fish landing centres at Nagore and

Thirumullaivasal in Nagapattinam District and Annankoil in Cuddalore District have finally been commenced by this Government. The modernisation of Chennai fishing harbour has also been started with an outlay of Rs.16 crores. **During 2012-2013, this Government also proposes to upgrade Cuddalore fishing harbour with an outlay of Rs.10 crores with the financial assistance of National Fisheries Development Board (NFDB). The upgradation of fishing harbours at Chinnamuttom in Kanniyakumari district and Thoothukudi also will be taken up during 2012-2013. Further, an amount of Rs.50 crores will be spent for developing nine fish landing centres along the coast with NABARD-RIDF.**

43. The present fish production in the State is 5.97 lakh tonnes of which nearly 4.25 lakh tonnes is from the marine fisheries sector and about 1.72 lakh tonnes from the inland fisheries sector. The available inland water resources have to be fully exploited to enhance fish production in the inland sector. **Towards this end, this Government proposes to strengthen the inland fisheries sector in 2012-2013 by augmenting the facilities existing at the fish seed farms with an outlay of Rs.50 crores.** To encourage deep sea fishing and to reduce the fishing pressure in the in-shore waters, this Government launched a new scheme with an outlay of Rs.25 crores providing a subsidy of 25%, not

exceeding Rs.5 lakhs per beneficiary, for conversion of trawler boats to deep-sea tuna long liners or procuring new motorised crafts capable of deep sea fishing. This scheme will continue to be implemented in a phased manner over a period of 5 years.

## IRRIGATION AND FLOOD CONTROL

44. Water is a precious natural resource. Given the limited potential of surface and ground water in our State, we have to necessarily focus on river basin management, augmenting tank capacity and recharging ground water so that surface and groundwater can be conjunctively used with greater efficiency. Therefore, this Government places emphasis on dam and tank modernisation to restore their capacity, interlinking of intra State rivers, flood control, ground water recharge programmes, improving water use efficiency and watershed management in rainfed areas. **I am very happy to inform the House that a highest ever allocation of Rs.3,624.73 crores has been provided for water resource management in the Budget Estimates 2012-2013.**

45. Recognising that massive investment is needed in the irrigation sector, this Government has taken efforts to harness all possible avenues of external funding for this sector. **The Dam Rehabilitation and**

**Improvement Project (DRIP) with World Bank assistance will be taken up to improve and rehabilitate 66 dams under the Water Resources Department (WRD) and 38 dams under the control of the Tamil Nadu Generation and Distribution Company at a cost of Rs.745.49 crores over a period of 6 years, in 4 phases, from 2012-2013. In the first year, 12 WRD dams are proposed to be improved and a sum of Rs.50 crores has been provided for this scheme in the Budget Estimates. Under the on-going World Bank aided IAMWARM Project, the Amaravathy Sub-basin will be taken up additionally during 2012-2013 at a cost of Rs.128.31 crores, thus benefiting a further 1.32 lakh acres.**

46. This Government is committed to raising the water level of the Mullai Periyar dam to 142 ft initially as permitted by the Supreme Court in its judgement dated 27.2.2006. As per the direction of the Hon'ble Chief Minister, the Government has presented its case strongly before the Empowered Committee appointed by the Supreme Court and this Committee is expected to submit its report shortly. Similarly, in the Cauvery river water dispute also, this Government is taking all efforts to protect our rights.

47. The programme for inter-linking of rivers within the State has received a new thrust under this Government. I am happy to mention that recently the Supreme Court has also directed the Union Government to implement the ambitious river-interlinking project in the national interest. As part of the Cauvery-Gundar link, the construction of the Kattalai Barrage across the Cauvery is under progress. A sum of Rs.50 crores has been provided for this scheme in the Budget Estimates 2012-2013. The Thamiraparani –Karumeniar – Nambiar link project at a cost of Rs.369 crores is also under implementation and a sum of Rs.100 crores is provided in the Budget Estimates 2012-2013 for this scheme.

48. Given the limited availability of water, it is of the utmost importance to maximise the storage capacity of our tanks. **This Government has an ambitious programme of rehabilitating all irrigation tanks to restore their original capacity. Out of 13,699 tanks under the control of the Public Works Department, 6,436 tanks have already been taken up under various programmes. The remaining 7,263 tanks will be taken up for restoration under ongoing programmes. Similarly, 21,609 Minor Irrigation Tanks under the control of the Panchayat Unions and 3,884 other important water bodies will be restored and improved by dovetailing funds from various schemes like Mahatma Gandhi National**

**Rural Employment Guarantee Scheme (MGNREGS) and NABARD loans in the next three years.** Under the Thirteenth Finance Commission grants, 674 works for restoration of traditional water bodies at a cost of Rs.200 crores are being taken up. Works for the rehabilitation of the Contour Canal in Parambikulam-Aliyar Project, taken up at a cost of Rs.184.50 crores, are expected to be completed by August, 2013. With NABARD assistance, 67 schemes including 4 flood protection works at a cost of Rs.685.34 crores are under implementation. **During 2012-2013, we will take up 45 more rehabilitation and modernisation works under NABARD–RIDF.**

## ENVIRONMENT AND FORESTS

49. I am happy to inform the Hon'ble Members that forest cover and the population of endangered species are on the increase in our State. This Government has launched the Japan International Co-operation Agency (JICA) aided Tamil Nadu Bio-diversity Conservation and Greening Project with an outlay of Rs.686 crores in the current year. This project, which will continue till 2018-2019, focuses on bio-diversity conservation through protection of forest and socio economic development of people living in the forest fringe areas and tribal communities. Rs.50 crores has been allocated for this project for the coming financial year. With a view to improving the green cover, this

Government has launched a massive programme for planting 64 lakh tree saplings at a cost of Rs.29.44 crores coinciding with the birthday of the Hon'ble Chief Minister. So far 32.9 lakh saplings have been planted. **In the coming financial year, the Forest Department will also take up plantations on 10,000 acres of tank foreshores at a cost of Rs.9.80 crores.**

50. In order to reduce man-animal conflicts, Rs.11.70 crores has been sanctioned during 2011-2012 for taking up mitigation works like elephant proof trenches. Rs.20.87 crores was also sanctioned during 2011-2012 for improving fodder resources within the wildlife habitat to prevent animals from straying into human habitations. Further, this Government has enhanced the compensation payable to victims for loss of life and damage to crops. This Government has also established a revolving fund of Rs.2.5 crores to avoid any delay in payment of compensation. **During 2012-2013, we will take up additional works to create physical barriers like elephant proof trenches for which Rs.10 crore is provided in this Budget.**

51. Our Hon'ble Chief Minister has been the pioneer in the introduction of plastic road technology during 2003-2004, to prevent environmental hazards due to accumulation of plastic wastes. This cost effective and environment friendly way of laying roads has been

revived and administrative sanction has been accorded for covering 446.50 km at an estimated cost of Rs.50 crores allocated during 2011-2012. **In the Budget Estimates 2012-2013, we have set apart Rs.100 crores for Environment Protection and Renewable Energy Fund. As the response is very positive for laying plastic roads, new works to the extent of Rs.100 crores will be taken up in the coming financial year out of this Fund.**

52. Pallikaranai Marsh land has a sensitive ecology and is home to 195 different species. This Government has already sanctioned a five year programme to take up its ecological restoration and conservation at a cost of Rs.15.75 crores. This scheme will be implemented in the coming year with an outlay of Rs.5 crores. We will also focus our efforts on restoring the ecological balance in the Adyar estuary. This Government will also continue to fund the Gulf of Mannar Biosphere Trust, after the UNDP funding comes to an end by December, 2012.

## PUBLIC DISTRIBUTION SYSTEM

53. As promised in the election manifesto, the Hon'ble Chief Minister announced the scheme of supply of rice under the Public Distribution System (PDS) without any cost from 1.6.2011 to benefit 1.85 crore rice card

holders. Tamil Nadu is the only State in the country to launch such a scheme to provide total food security to all. This Government is also supplying tur dhal, urad dhal, palm oil and fortified atta at subsidised rates. **For 2012-2013, Rs.4,900 crores has been set apart by this Government to meet the food subsidy.** The Price Stabilisation Fund of Rs.50 crores, constituted by this Government, was used in the current year for the purchase of dry chillies and tamarind to sell them at cost price in order to control their prices in the open market.

## INDUSTRIES

54. It is a matter of concern that the share of manufacturing in the State's GSDP has declined from 20% in 2004-2005 to 17% in 2009-2010. Considering the fact that the Manufacturing Sector will be a major driver in the creation of employment and in triggering growth in the Service Sector, our Hon'ble Chief Minister desires to see an increase in the Manufacturing Sector's share in GSDP to 23% by 2023. It is also her vision that Tamil Nadu should be amongst the top three destinations for investments in Asia and be the most attractive investment destination in India. This Government will unveil a new industrial policy to facilitate the realization of this vision. The new industrial policy will correct the shortcomings of the present policy and will focus on growth with employment generation. The new policy will

also ensure that the Manufacturing Sector is consciously linked to agriculture and allied sectors in order to ensure maximum value addition to the output of the Primary Sector as well as to absorb the surplus work force.

55. I am happy to state that the assumption of office by our Hon'ble Chief Minister has spurred a new interest and confidence among investors regarding Tamil Nadu. Enthused by the proactive approach of the State Government, a number of investors including Fortune 500 companies have proposed to establish their manufacturing bases in Tamil Nadu. At present, major investment proposals of **M/s Yamaha, Eicher, Danfoss, Enfield, Philips Carbon Limited, Sundaram Clayton, TI group, Saint Gobain, Sanmina-SCI, Nokia** etc. are at an advanced stage of approval by the State Government and Memoranda of Understanding for these projects are expected to be signed very soon. Apart from these, discussions with another 11 companies are at an advanced stage to finalise their investment plans. The State Government is confident of attracting over Rs.20,000 crores of investment in the Manufacturing Sector within the next six months.

56. TIDCO has proposed to set up a Polymers Conversion Industrial Park with an investment of Rs.160 crores at Vayalur in Tiruvallur District. SIPCOT is in the process of creating a Land Bank of an additional 20,000

acres to promote industrialization in backward regions. **Giving a thrust to the promotion of potential Industrial Corridors, we will shortly launch the Northern Port Connectivity Project to strengthen connectivity to the Ennore Port besides boosting industrial growth in the North Chennai area. I am also confident that the completion of the Chennai Outer Ring Road-II and the Ennore-Manali Road Improvement Project (EMRIP) which are under implementation will improve the road infrastructure in the North Chennai area substantially.**

## MICRO, SMALL AND MEDIUM ENTERPRISES

57. Tamil Nadu has nearly seven lakh registered Micro, Small and Medium Enterprises (MS&ME) units, the highest in India. They also employ nearly 50 lakh people. It is the goal of this Government to make this sector vibrant and **this Government will revamp all the District Industries Centres in 32 districts with better infrastructure at a cost of Rs.50 crores, so that these Centres can serve as the hub to promote MS&ME units. As a long term policy, besides promoting clusters in new areas, this Government will form and promote industrial estates in areas where micro and small enterprise units are scattered and mingled with residential areas, to**

**encourage these units to migrate there to avail of better infrastructure and uninterrupted power. I also expect that this initiative of facilitating the migration of units to defined areas of industrial estates will also help in the upgradation of technology and reduce pollution and congestion in the residential areas.**

58. In order to assist educated youth to become first generation entrepreneurs, **this Government will implement a new scheme called 'New Entrepreneur-cum-Enterprise Development Scheme' (NEEDS) from 2012-2013 onwards. Under this scheme, educated youth will be given entrepreneur training, assisted to prepare their business plans and helped to tie up with financial institutions to set up new business ventures, besides linking them with major industrial clients. They will be assisted to avail of term loans from Banks/Tamil Nadu Industrial Investment Corporation (TIIC) with capital subsidy at 25% of the project cost not exceeding Rs.25 lakh and soft loans with 3% interest subvention. Around 1,000 entrepreneurs will be trained each year under this scheme. Under this scheme, at least 50% of the beneficiaries will be women. The Entrepreneur Development Institute and TIIC will play a crucial role in this process. A sum of Rs.100 crores has**

**been provided as capital subsidy and other assistance for this scheme in this Budget.**

## TEXTILES

59. Due to the non compliance with Zero Liquid Discharge (ZLD) norms by Common Effluent Treatment Plants (CETPs) in Tiruppur these units were closed, leading to the total paralysis of the textile industry, affecting the livelihood of lakhs of workers. Seeing their plight, the Hon'ble Chief Minister announced that Rs.200 crores would be provided as interest free loan to revive these CETPs with the installation of ZLD facilities using advanced technologies. On that basis, Rs.179.34 crores was sanctioned to revive 18 CETPs. Further, Rs.75 crores was also provided as advance to settle the compensation amount due to the Noyyal Ayacut farmers and 475 farmers have already benefited. I am confident that these CETPs will recommence their work shortly, to revive the industry.

## INFORMATION TECHNOLOGY

60. Software exports from the State, which stood at Rs.42,100 crores in 2010-2011, are expected to rise to Rs.48,000 crores in 2011-2012. The challenge before the Government is to sustain this momentum and also to spur growth in untapped sectors like hardware development. ELCOT has promoted Special Economic

Zones, called ‘ELCOSEZ’ at Chennai, Trichy, Coimbatore, Madurai, Thirunelveli, Salem, and Hosur. This Government is taking all steps to attract entrepreneurs to occupy the available space in ELCOSEZs and in the IT parks at Trichy, Madurai and Thirunelveli. **We also propose to have incubation and training centres exclusively for small and medium IT industries in such spaces.**

61. The Tamil Nadu Arasu Cable Television Corporation has launched Cable Television services across the State, except in Chennai. Now, around 100 channels are being offered to the subscribers. As a result, this service has received an overwhelming response from the public and the subscriber base has swelled to 40 lakhs. Soon, the services will be extended to Chennai also through the digital mode.

## ROADS AND MINOR PORTS

62. In the last Budget, we had spelt out our vision for upgrading all State Highway roads to double lane and Major District Roads to intermediate lane. This ambitious task was commenced by taking up 1,345 km of roads during 2011-2012 at a cost of Rs.546 crores. **In the next financial year also, 1500 km of roads will be taken up for widening at a cost of Rs.740 crores.** The upgradation of the Thoothukudi to Kanyakumari road

at a cost of Rs.257 crores will commence shortly. A proposal to take up improvement of 2,477 km of highway roads has been sent to the Government of India for external funding. After approval, these roads will be taken up for improvement in the next five years. **A total sum of Rs.5,651.68 crores has been provided in this Budget for the Highways Department.**

63. To decongest the sub-urban areas of Chennai City, this Government has announced that the Phase-II of the Outer Ring Road measuring 30.50 kilometres will be implemented with external funding. Considering the rapid growth of Chennai City and the need to implement the project quickly, it has been decided to implement this project using State funds on a Design, Build, Finance, Operate and Transfer (DBFOT) model and this work will commence very soon.

64. In addition to upgrading roads, this Government accords high priority to the quality of maintenance. Towards this objective, efforts are on to introduce performance based road maintenance contracts, which will lead to better upkeep of roads. Advanced data collection equipment for assessing road conditions will be put to use to obtain comprehensive data for better road maintenance. **A sum of Rs.1,180.95 crores has been provided in this**

**Budget for maintenance of roads in the next financial year.**

65. This Government is committed to developing minor ports along the east coast. The Kattupalli Port developed by Larsen & Toubro is expected to promote the growth of the ship building industry and also facilitate the import of Liquified Natural Gas (LNG). Sanction has already been accorded for developing Nagapattinam Port at a cost of Rs.380 crores through Public Private Partnership. Also, the work related to the development of Cuddalore Port will also commence shortly. With similar initiatives, this Government will position the State as a leader in port development and ship building.

## TRANSPORT

66. The skyrocketing fuel prices and increasing maintenance and personnel costs had pushed the State Transport Undertakings (STUs) into a financial abyss. The total loss incurred by the STUs was Rs.6,150 crores at the end of 2010-2011. This Government had to provide ways and means advance to the extent of Rs.308.56 crores to them for meeting their immediate financial commitments in 2011-2012. It was in such a difficult situation that the Government was compelled to revise bus fares. The fare revision has, to some extent,

improved the financial position of the STUs. Still, they are in need of substantial support from Government.

67. After this Government assumed office, sanction was accorded for purchasing 3000 new buses for the State Transport Undertakings. At present, the average age of buses with STUs is 4.24 years. To maintain and improve the present level of operations and also to augment services on need basis, **another 3000 new buses will be purchased during 2012-2013 at an estimated cost of Rs.548 crores. Towards this, the Government will provide share capital assistance of Rs.150 crores and a loan support of Rs.150 crores. The existing infrastructure for bus building with the State Transport Undertakings will be fully utilised by synchronising the purchase of buses. This Government will also provide financial support as a one time measure to release all the 219 buses which are under attachment by the Courts. Further, in order to reduce the workload of bus conductors and to enhance the ease of ticket purchase by passengers, Global Positioning System (GPS) based e-ticketing system through hand-held devices will be introduced in all STU buses during 2012-2013.**

68. Global bids have been invited for implementing Phase I of the Chennai Mono Rail Project.

The first phase, estimated at a cost of Rs.8,500 crores, will cover 57 km, consisting of three sectors – Vandalur to Velacheri via Tambaram East; Poonamallee to Kathipara via Porur; and Poonamallee to Vadapalani via Valsaravakkam. This project will be implemented through the Design, Build, Finance, Operate and Transfer (DBFOT) model. This will be followed by Phase-II covering 54 km of the fourth corridor connecting Vandalur and Puzhal. The works under the Chennai Metro Rail Project are also progressing fast. **Rs.750 crores is provided in the Budget Estimates 2012-2013 for this project. This Government will also take necessary steps for the transit-oriented development of the mass transport corridors like Anna Salai and EVR Periyar Salai and maximise the access to public transport.**

69. This Government has activated the Chennai Unified Metropolitan Transport Authority (CUMTA). The mandate of CUMTA is to integrate all available public transport modes which include buses, Mass Rapid Transit System (MRTS), sub-urban railway, mono rail and metro rail. It is expected to facilitate a common ticketing system for all modes of public transport, thus enabling seamless transportation across all modes. Further, **on the basis of the Chennai Traffic and Transportation Study carried out by the Chennai Metropolitan Development Authority, it is proposed to take up**

**infrastructure projects like forming link roads, providing missing links, widening of roads, constructing grade separators, elevated roads etc., in a phased manner. We will seek funding support from JICA for this purpose.**

## ENERGY

70. The State is facing an acute crisis in the energy sector. Our own generation capacity is only 30% of the demand, thereby forcing us to depend on power supply from other sources and costly purchases. In view of the huge gap in demand and supply, the State has to resort to Restriction And Control measures in order to maintain grid stability. As the State is also facing difficulties in accessing power from outside the State due to corridor constraints, our main thrust is on increasing our own generation capacity within the State by speeding up the ongoing projects and by starting new projects under the State Sector or through joint ventures. Hon'ble Members may recall the announcement recently made by our Hon'ble Chief Minister about the implementation of the 1,600 megawatt Super Critical Thermal Power Project at Udankudi, estimated at a cost of Rs.8,000 crores in the State Sector itself, as the joint venture with BHEL did not take off even after four years. Rs.1500 crores is provided in the Budget Estimates 2012-2013 as share capital support for new power projects.

71. I had mentioned in last year's Budget speech the severe financial crisis faced by the Tamil Nadu Generation and Distribution Company (TANGEDCO). We also promised that the State would provide adequate financial support to TANGEDCO to rescue it from the present crisis. In the year 2011-2012, the State Government provided Rs.2,058.19 crores as subsidy to TANGEDCO. The cyclone 'Thane' caused devastating damage to the power infrastructure in Cuddalore and Villupuram districts and the State Government provided Rs.300 crores as grant to rectify the problems. Besides this, Rs.4,100 crores was provided as share capital assistance and Rs.1,455.16 crores as loan to TANGEDCO. Thus, within this financial year, an all time high assistance of Rs.7913.35 crores has been provided to TANGEDCO. To keep our promise, **we will continue to support TANGEDCO with share capital for new projects. Rs.3,068.78 crores has also been provided as subsidy support to TANGEDCO in the Budget Estimates for 2012-2013.**

72. The other thrust areas in the Power Sector are improvement of the transmission and distribution system to reduce Transmission and Distribution (T&D) losses and promotion of energy conservation. Restructured Accelerated Power Development and Reform Programme (R-APDRP) is being implemented by TANGEDCO with the objective of reducing T&D losses.

Further, **it is programmed to strengthen the transmission network at a cost of Rs.3,572.93 crores to be funded by the Japan International Co-operation Agency (JICA).** Forty teams of ex-servicemen have been pressed into service to control energy theft and Rs.17.76 crores worth of power theft has been detected this year. **As a major initiative to promote power savings, our Hon'ble Chief Minister has ordered that Compact Fluorescent Lamps (CFL) will be provided without any cost to 14.62 lakh huts to replace incandescent lights at a cost of Rs.14.62 crores and this is expected to result in a saving of 45 megawatts of power. The Government of Tamil Nadu will initiate action to implement the Energy Conservation Building Code in commercial buildings and certain categories of major building complexes based on their energy consumption. At 30% energy savings, this has the potential to save around 3 MW per 10 lakh square feet area.**

73. Initiatives are being taken to strengthen the transmission infrastructure for evacuation of wind energy and financial assistance has been sought from the Government of India. Initiatives taken during 2011-2012 for provision of solar lights to the houses constructed under the Chief Minister's Solar Powered Green Houses scheme and the scheme for the provision of street lights with solar power will be continued. **During 2012-2013,**

**another 60,000 green houses will be provided with solar lights at a cost of Rs.180 crores and 20,000 more street lights will be energised with solar power at a cost of Rs.50 crores. Promotion of solar energy parks, coastal and offshore wind energy farms and biomass thermal projects will be supported by this Government as long term measures to meet our energy needs.**

## URBAN HOUSING

74. This Government is according high priority to the improvement of amenities in slum areas and for the construction of pucca houses for slum dwellers. Currently, 19,083 tenements are under construction at a cost of Rs.535 crores. During 2012-2013, 18,234 more tenements will be constructed at a cost of Rs.817.50 crores utilising funds from the Thirteenth Finance Commission Grants and the Jawaharlal Nehru National Urban Renewable Mission (JNNURM). **With increasing land prices, affordable housing is becoming a distant dream for the poor and middle class people. This Government will allow higher Floor Space Index (FSI) for Low Income Group (LIG) and Middle Income Group (MIG) houses without insisting on premium FSI charges, so that the cost of such flats will become cheaper**.

75. One of our electoral promises was to provide relief to the people who availed of housing loans from Co-operative Housing Societies. In fulfillment of this electoral promise and to provide relief to the loanees, **this Government proposes to introduce an enhanced interest waiver scheme by increasing the interest waiver from 50% to 75% in the case of Low Income Group (LIG); 25% to 50% in the case of Middle Income Group (MIG); and 10% to 25% in the case of High Income Group. The penal interest will be waived completely. This will cost Rs.390 crores to Government as interest loss compensation and Rs.545 crores to co-operatives due to the waiver of penal interest. It will be in force up to 30.9.2012. This will provide relief to 1.14 lakh beneficiaries and enable the collection of Rs.665 crores overdue to these Co-operative Housing Societies.**

**TOURISM AND CULTURE**

76. Considering the vast potential for tourism in Tamil Nadu, this Government has spelt out strategies for promoting rural tourism, eco tourism, heritage and temple tourism, integrated tourism circuits etc. I am glad to inform the House that the State Government will sign a loan agreement very soon with the Asian Development Bank for implementing the "**Integrated**

**Tourism Infrastructure Project**". This project is expected to strengthen the tourism infrastructure in two circuits viz., East Coast Pilgrimage and Heritage Circuit and Southern Pilgrimage and Eco Circuit and a sum of Rs.25 crores has been earmarked for this project in the Budget Estimates 2012-2013. Due to the proactive measures taken by this Government there has been a substantial increase in the flow of tourists to the State. The number of domestic tourists who visited the State during 2011 is 13.67 crores and the number of foreign tourists is 33.08 lakhs. This is 22.38 percent higher than 2010.

77. **The State Government will prepare a State Tourism Vision Document to explore and exploit the tourism potential of the State to its full extent. This Government will also prepare a detailed project report to promote tourism along the East Coast Road from Muttukadu to Puducherry which has already been declared as a Special Tourism Area. This project will serve as the basis for the development of specific tourism projects along the East Coast corridor with appropriate infrastructure development. We will also consider the relaxation of development control rules for the implementation of special tourism projects along this tourism corridor.**

## HINDU RELIGIOUS AND CHARITABLE ENDOWMENTS

78. This Government has been taking all efforts to protect and preserve the temples and religious institutions in the State. During 2011-2012, 1006 temples have been renovated and consecrated. **Similarly, in the coming year also, 1006 temples are selected for consecration**. Efforts are being taken for retrieving the encroached and misclassified temple properties. **The Special Revenue Units and Revenue Courts will be further strengthened for the speedy retrieval of temple properties and for settling the disputes with regard to temple lands. Annadhanam Scheme, the brain child of the Hon'ble Chief Minister, is being implemented in 468 temples at present and it will be further extended to 50 more temples during 2012-2013. In all these temples where this scheme is being implemented, the kitchens will be modernised to provide hygienic food to the devotees. Hon'ble Chief Minister has ordered that Annadhanam be provided in Arulmigu Sri Ranganatha Swami temple at Srirangam and Arulmigu Dandayudhapani Swami temple at Palani throughout the day from 8 A.M. to 10 P.M.**

79. I am happy to inform the House that the construction of the Yatri Niwas at Srirangam at an

estimate of Rs.25 crores is already in progress. **A Cable Car with modern technology and comforts will be provided for the benefit of devotees especially for the elderly, the differently abled and women and children visiting Palani Arulmigu Dhandayuthapani Swami Temple. As another special initiative, the Hon'ble Chief Minister has ordered the conduct of spiritual and moral classes on all Saturdays in important temples to make our children imbibe the high moral and ethical values enshrined in our ancient literature through stories which embody our cultural heritage and traditions. These children will be provided with snacks during such classes and awards will be distributed to the best students.**

## TAMIL DEVELOPMENT

80. This Government, under the dynamic leadership of the Hon'ble Chief Minister, has substantially increased the financial assistance provided for the best Tamil books; pension given to Tamil scholars, and awards for school and college students who are winners in Tamil proficiency competitions. As already announced, this Government has sanctioned Rs.1.30 crores additionally to the Tamil University for taking up various research and other works. Apart from the Paavendhar Bharathidasan Award, Thiru Vee Ka Award, Thiruvalluvar Award, Bharathiyar Award and the Ki Aa Pe Viswanatham Award,

**Hon'ble Chief Minister has announced two more awards viz., Kapilar Award and U Ve Sa Award to be given to eminent Tamil Scholars and the Tamil Thai Award to be presented to Tamil organisations in India, which are rendering yeoman service for the development of the Tamil language.**

## INFORMATON AND PUBLICITY

81. Preserving the memorials of important leaders helps the younger generation to cherish their memory and follow their foot-steps. The renovation of the Puratchi Thalaivar MGR Memorial and Perarignar Anna Memorial at a cost of Rs.8.9 crores and Gandhi Mandapam at a cost of Rs.12 crores are under progress. **This Government will take up the renovation of the Kamarajar Mandapam at Kanyakumari and Kamarajar Ninaivu Illam at Chennai during 2012-2013.**

82. **The MGR Film and Television Institute will offer a new course on Animation and Visual Effects from 2012-2013 to nurture the skills of the younger generation. A new building will be constructed for the Tamil Arasu Press and Office at a cost of Rs.5.83 crores and will be provided with modern machinery and equipment to bring out quality publications.**

## HEALTH

83. Tamil Nadu continues to be a leader in the Health Sector. As a proof of our continuous improvement in this key sector, the Maternal Mortality Rate (MMR) has fallen to 79 per lakh live births and the Infant Mortality Rate (IMR) has fallen to 24 per 1,000 live births. The life expectancy has improved to 71.8 for males and 75.2 for females. This Government is committed to further improving our performance through various initiatives. During 2012-2013, this Government has budgeted Rs.5,569.28 crores for the Health Sector.

84. Our Hon'ble Chief Minister has launched the Chief Minister's Comprehensive Health Insurance Scheme on the 11th of January, 2012. This scheme has enhanced the sum assured to rupees one lakh per year and Rs.4 lakhs for a period of four years and has also extended the coverage to more diseases and included diagnostic procedures. Special provisions have also been incorporated to strengthen the role of Government Hospitals in implementing the scheme. So far, 17,723 beneficiaries have undergone treatments costing Rs.49.42 crores. A sum of Rs.750 crores has been provided for the implementation of this scheme in 2012-2013.

85. **The benefit under the Dr. Muthulakshmi Reddy Maternity Assistance Scheme has been enhanced to Rs.12,000/-, which is the highest in the country.** This has come as a boon to the poor beneficiaries and has improved the health status of both the mother and the child. The three phase payment has also strengthened antenatal, postnatal care and improved child immunisation. **An allocation of Rs.720 crores has been provided for this scheme in 2012-2013.**

86. This Government has announced a revolutionary scheme for free distribution of sanitary napkins to rural girls. This scheme, which is to be launched by the Hon'ble Chief Minister, will lead to great improvement in personal hygiene and will prevent health complications. **Over 41 lakh adolescent girls in the 10-19 age group in rural areas stand to benefit from this first-of-its-kind initiative in India, covering the entire State.** Sanitary napkins will be distributed through schools and anganwadis. An amount of Rs.55 crores has been provided for this scheme in the next financial year.

87. **In 2012-2013, this Government will spend Rs.950 crores under various programmes implemented under the National Rural Health Mission (NRHM). In the coming year twenty**

**Primary Health Centres will be upgraded in blocks which do not have an upgraded Primary Health Centre.** The Tamil Nadu Health Systems Project, initiated during the previous tenure of this Government, has contributed immensely to the strengthening of maternal and child health services in the district and taluk hospitals in the State. **Under this programme, Rs.158 crores has been earmarked for the year 2012-2013.**

88. Hon'ble Speaker Sir, you are aware that this Government has taken numerous initiatives to strengthen health infrastructure in the State. As announced in the last Budget, the "Hospital on Wheels" project was launched in all 385 blocks at a cost of Rs.29.36 crores. Work is in progress to start telemedicine centres in 31 remote locations. As new initiatives, during 2012-2013, **the infrastructure for operation theatres in district and medical college hospitals will be improved at a cost of Rs.20 crores. Post-mortem facilities will be improved at a cost of Rs.10 crores. To ensure provision of adequate diagnostic facilities, diagnostic equipment will be provided at a cost of Rs.10 crores and MRI equipment will be provided in 5 Medical Colleges through Public Private Partnership. The Burns Centre in Kilpauk Medical College Hospital will be upgraded as a Centre of Excellence at a cost of Rs.5 crores. Vaccine**

**production in King Institute will be revived, besides creating a tissue bank at a total cost of Rs.5 crores. Considering the increasing need for specialised cancer care, this Government has decided to establish Regional Cancer Centres at the Government Rajaji Hospital in Madurai and the Coimbatore Medical College Hospital at a cost of Rs.15 crores per Centre. These Cancer Centres will address the needs of cancer patients in the southern and western regions of the State. A new programme to screen the high risk population for oral cancer and to diagnose it at an early stage will also be launched.**

## SCHOOL EDUCATION

89. With the notification of the Right to Education (RTE) Rules in November 2011, the State has taken a very important step forward in ensuring education for all children in the age group of 6 to 14. The most notable feature of the notified rules is that it has now been made mandatory that all schools, irrespective of whether they are Government or Private, must admit students from their neighbourhood belonging to disadvantaged groups and weaker sections to the extent of 25% of the strength at the entry stage. It is our endeavour to ensure that all children between 6-14 years of age who have been left out of the school system are enrolled in schools by the

end of the academic year 2012-2013, so that the State achieves 100% enrollment level.

90. The Sarva Shiksha Abhiyan (SSA), aiming at universal primary education, is being implemented in the State with an outlay of Rs.1,891.42 crores during the current financial year. The two main focus areas of SSA are quality of education and school infrastructure. **In the coming financial year, SSA will be implemented in the State with an outlay of Rs.2,000 crores, out of which the State's contribution will be Rs.700 crores.** The Rastriya Madhyamik Shiksha Abhiyan (RMSA) is being implemented with the aim of achieving universal secondary education. During 2011-2012, we have upgraded 710 middle schools to high schools and improved the school infrastructure among other things with an outlay of Rs.1,069.51 crores under RMSA. We will urge the Government of India to provide adequate funding under RMSA in order to improve secondary education.

91. With a view to reducing the dropping out of children from schools in higher classes, this Government is implementing a scheme of giving special cash incentives to all students studying in the 10$^{th}$, 11$^{th}$ and 12$^{th}$ standards in Government and Government aided schools. An incentive of Rs.1500 for tenth and eleventh students and Rs.2,000 for twelfth students is being

deposited in the name of each student in a public sector finance company and will be given as cash with interest on completion of schooling. In the current year, Rs.313.13 crores has been invested in the names of students and **in the coming financial year, a sum of Rs.366.70 crores has been provided in the Budget in order to benefit 21.36 lakh students.**

92. As promised in our election manifesto, this Government will distribute four sets of uniforms to school children every year from 2012-2013. Further, as already announced, **boys from sixth standard onwards will be given full pants instead of half pants and girls will be given salwar kameez. A sum of Rs.329.89 crores has been allocated in the Budget Estimates for the supply of uniforms to 48.63 lakh children. Further, the Government will also commence from 2012-2013, the scheme for supply of a pair of footwear without cost to all school children from Standard I to Standard X. This scheme will benefit 81 lakh children. A sum of Rs.100 crores has been allocated for this scheme in the Budget Estimates.**

93. In order to make the learning process easy and child friendly, special educational kits will be provided to students during 2012-2013. Under this scheme, **school bags will be given to students from Standard I to XII, geometry boxes to students from**

**Standard VI to X, colour pencils to students from Standard I to V and atlases to students from Standard VI to X. An amount of Rs.136.50 crores has been provided in this Budget for this purpose. Hon'ble Speaker Sir, with all the above items being supplied to the students without cost, the only other item left out is note books. We propose to provide note books also without cost to all the students from Standard I to X in Government and Government aided schools from the coming academic year. A sum of Rs.150 crores has been provided for this purpose. We have taken care to ensure that a record sum of Rs.14,552.82 crores, the highest allocation ever for any department in the State is provided for the School Education Department in these Budget Estimates for 2012-2013.**

## HIGHER EDUCATION

94. It is the Hon'ble Chief Minister's cherished dream to make Tamil Nadu the foremost State in the field of higher learning and advanced research. Eleven new Arts and Science Colleges were started during 2011-2012 to improve access to higher education for the poor. The establishment of a new engineering college at Bodinayakkanur in Theni District; an Indian Institute of Information Technology, and a National Law School in

Srirangam are under progress. Our efforts to transform our Universities into institutions of international standards and making them centres of excellence in higher studies and hubs of research and innovation will continue. These universities will also be encouraged to work closely with industry for facilitating such innovations.

95. Hon'ble Speaker Sir, you are aware of the initiatives taken by our Hon'ble Chief Minister to place Tamil Nadu at the top of all other States in terms of highly skilled human resources. A massive programme of distributing laptop computers without cost to all college students and plus two students studying in Government and Government aided institutions was launched by this Government during 2011-2012. This scheme will be continued during 2012-2013 and Rs.1,500 crores has been set apart for this purpose in this Budget. I am sure that this initiative of the Government will ensure the rapid spread of IT skills among the younger generation in the State.

## SPORTS AND YOUTH WELFARE

96. This Government is committed to providing good sports infrastructure in all districts. Hon'ble Members are aware that we have substantially increased all the award amounts, incentives and training stipends

to encourage our youth to take up sports. This Government has already accorded sanction for the establishment of a Centre of Excellence in Chennai at a cost of Rs. one crore; sports hostels in five districts at a cost of Rs. three crores; multi purpose indoor stadia in five districts at a cost of Rs.7.50 crores; a synthetic athletic track at Trichy at a cost of Rs. six crores; and a synthetic hockey turf at Madurai at a cost of Rs. six crores. These works will commence soon. A sum of Rs.103.48 crores has been allocated for Sports and Youth Welfare in this Budget.

## RURAL DEVELOPMENT

97. Our Hon'ble Chief Minister desires very comprehensive rural development which encompasses development of rural infrastructure, provision of basic amenities and eradication of rural poverty. This Government has launched the **Tamil Nadu Village Habitation Improvement Scheme (THAI)** from 2011-2012. This innovative scheme, intended to improve the basic amenities in all habitations over a period of 5 years, has already been started in 25,335 habitations of 2,020 village panchayats in 2011-2012 by taking up 64,481 works. **In the coming financial year, works will be taken up in 18,581 habitations of 2,250 village panchayats. The amount allocated for this scheme has been stepped up to Rs.750 crores**

**in the Budget Estimates for 2012-2013.** Rural sanitation has received a fresh impetus under this Government and 12,811 Integrated Sanitary Complexes for women, constructed between 2001-2006, which had been rendered dysfunctional and had become dilapidated due to disuse over five years of deliberate neglect, have been renovated at a cost of Rs.170 crores and handed over to user groups.

98. This Government has set a model for the entire country in housing for the poor by implementing the Chief Minister's Solar Powered Green House Scheme. Under this scheme, we have already announced that spacious houses, having their own solar-power generating unit, will be constructed for three lakh poor families in five years, starting from 2011-2012. This year, 60,000 new houses at an estimated cost of Rs.1,080 crores have been taken up for construction at a unit cost of Rs.1.80 lakhs. **In the coming financial year, another 60,000 houses will be taken up at a cost of Rs.1,080 crores.** Hon'ble Members will recall that it was our Hon'ble Chief Minister who raised the unit cost of houses under Indira Awas Yojana (IAY) to Rs.1 lakh, thus making the State's contribution Rs.66,250 as against the Central Government's contribution of only Rs.33,750. In this financial year, 1,00,553 houses have been taken up under this scheme. **In the coming financial year, 1,00,553 more IAY houses will be**

**constructed for poor families and an amount of Rs.666 crores has been provided for this scheme in the Budget Estimates 2012-2013**.

99. Our Hon'ble Chief Minister had enhanced the allocation under the Member of Legislative Assembly Constituency Development Scheme from Rs.1.75 crores to Rs.2 crores during this year. As on date, 11,093 works at an estimated cost of Rs.296.98 crores have been taken up. **In the coming financial year, a sum of Rs.470 crores has been allocated for this scheme.**

## URBAN DEVELOPMENT

100. Tamil Nadu is the most urbanised State in the country with 48.45% of the State's population living in urban areas. However, the growth in urban infrastructure has not kept pace with the growth in urban population. It was to bridge this infrastructure gap that this Government launched the **Integrated Urban Development Mission (IUDM), and Chennai Mega City Development Mission (CMCDM)**. Under IUDM, the Government had sanctioned Rs.750 crores to take up infrastructure development activities in urban local bodies, excluding Chennai. **To continue this mission, we have allocated Rs.750 crores for the year 2012-2013.** Under the Chennai Mega City Development

Mission, an allocation of Rs.500 crores was provided in 2011-2012, out of which Chennai Corporation has taken up works at a cost of Rs.333.27 crores during 2011-2012. The balance amount is being utilised for augmenting water supply. **An amount of Rs.500 crores has been provided in these Budget Estimates for 2012-2013 under the Chennai Mega City Development Mission. Further, considering the poor infrastructure in Madurai City, which has suffered total neglect in the past five years, this Government is happy to announce a special package of Rs.250 crores for the comprehensive infrastructure improvement of Madurai Corporation as a one time grant.**

101. Urban solid waste management is a major challenge confronting the local bodies. It is estimated that 13,533 metric tonnes of solid waste is generated in our urban local bodies everyday. Solid waste management projects for scientific disposal of waste have been taken up in Madurai, Coimbatore, Salem Corporations and Namakkal Municipality in the Public Private Partnership (PPP) mode. Further, we are proposing to implement a "waste to energy" project in the Public Private Partnership (PPP) mode in Tirunelveli. **All urban local bodies will practice source segregation of solid waste into degradable and non-degradable components in a phased manner.**

**The Government will soon announce an Integrated Solid Waste Management Policy.**

102. It is also this Government's mission to eradicate the practice of open defecation in urban areas by the year 2015. A project with an estimated cost of Rs.198.26 crores has been formulated for construction of public toilets, repairs of toilets and for providing water supply and electricity. This scheme was already launched in 2011-2012 with an allocation of Rs.19.82 crores by this Government. **This will be continued during 2012-2013 also with an outlay of Rs.50 crores. A massive awareness campaign will also be launched to educate the people regarding the hazards of open defecation.**

103. With a view to enabling local bodies to get funding at reasonable rates of interest for their developmental activities, this Government is implementing three externally aided projects, namely, the World Bank aided Tamil Nadu Urban Development Project-III; the Japan International Co-operation Agency (JICA) aided Tamil Nadu Urban Infrastructure Project; and the KfW aided Sustainable Municipal Infrastructure Financing-Tamil Nadu (SMIF-TN) Programme. **The total budget outlay for these externally aided projects in this Budget is Rs.418.54 crores.** The expertise of institutions like the

Tamil Nadu Urban Infrastructure and Financial Services Limited (TNUIFSL) and the Tamil Nadu Urban Finance and the Infrastructure Development Corporation (TUFIDCO) will be fully utilised to provide necessary consultancy based support services to urban local bodies to improve their technical capability for implementing bigger and more complex projects.

104. This Government is aware that the urban local bodies have not been able to fully tap their potential for raising their own revenue from property tax. To correct this lacuna, and in accordance with the Thirteenth Finance Commission's recommendations, **this Government will constitute a State Level Property Tax Board. This Board will review the present property tax system and will make suggestions for proper valuation of properties and due assessment.**

## DEVOLUTION OF FUNDS TO LOCAL BODIES

105. The Fourth State Finance Commission, which is responsible for making recommendations on the manner and quantum of assistance and devolution due to local bodies, has submitted its report and the same is under examination. Pending its acceptance, this Government has adopted the previous year's pattern in deciding on the method of devolution. **The amount of devolution due to local bodies has been increased**

**to Rs.7,014 crores in the Budget Estimates for 2012-2013. In addition, assistance under the Thirteenth Finance Commission's recommendations to the extent of Rs.1,159.85 crores has been provided in these Budget Estimates.**

**WATER SUPPLY**

106. Augmenting water supply sources to meet the increasing needs of Chennai City has been one of the priorities of this Government. **The preliminary work on the formation of a new reservoir of one TMC ft. capacity in Thervaikandigai in Thiruvallur district at a cost of Rs.330 crores has already commenced.** This scheme is expected to be completed by the end of the year 2014. **The creation of new storage capacity in Thirukandalam will be taken up in 2012-2013.** The augmentation of the existing capacity through the restoration of Nemam, Porur and Iyanambakkam tanks and deepening of Cholavaram tank at a cost of Rs.130 crores is also under progress. Further, in the newly expanded areas of Chennai City, works to improve water supply have already commenced in Thiruvotriyur, Maduravoyal, Ambattur, Ullagaram-Puzhuthivakkam, Nerkunram, Alandur and Porur.

107. During the current financial year, drinking water supply works were taken up in 6,000 rural

habitations under the National Rural Drinking Water Programme (NRDWP) and Minimum Needs Programme (MNP) of the State Government. **In the coming financial year, 7,000 rural habitations will be covered for improving water supply. A total sum of Rs.566.35 crores has been provided in this Budget for this purpose.** Works under the Hogenakkal Combined Water Supply Scheme are progressing at a fast pace and Rs.730 crores has been allocated for the year 2012-2013. Further, works are in progress for establishing a check dam across the Cauvery near Kambarasampettai in Srirangam Taluk at a cost of Rs.32 crores. This scheme will augment the source of drinking water for the combined water supply scheme for the water deficit Ramanathapuram and Sivaganga districts besides improving the source for the Trichy Water Supply Scheme.

108. The burgeoning demand for drinking water in urban areas is putting tremendous pressure on our fresh water sources. As a measure of sustainable water resource management, it is imperative to recycle water for conserving fresh water. This Government, as a policy, promotes the recycling of sewage to meet purposes other than drinking. We are already in the process of putting up a 45 MLD Tertiary Treated Reverse Osmosis Plant in Koyambedu at a cost of Rs.90 crores. **We will implement more such projects under the**

**PPP mode for recycling sewage to meet industrial needs. Our Hon'ble Chief Minister is very keen to protect the waterways and waterbodies from the pollution caused by untreated sewage being let into them. It is proposed to plug 337 outlets to prevent untreated sewage from entering into the Chennai City waterways and to treat this sewage before letting it out, at a cost of Rs.300 crores.**

## LABOUR WELFARE

109. At present, there are 17 welfare boards functioning under the Labour Department. Benefits to the extent of Rs.86.87 crore have been disbursed to 4,13,118 beneficiaries during 2011-2012. With a view to ensuring hassle free distribution of benefits, the scheme for electronic transfer of welfare assistance to the bank accounts of the workers registered with the various welfare boards has been implemented as a pilot project from 1st December, 2011, in 6 districts viz., Tiruchirappalli, Kancheepuram, Coimbatore, Tiruvallur, Tuticorin and Kanyakumari. Further, all members of labour welfare boards have been automatically made members of the Chief Minister's Comprehensive Health Insurance Scheme. In addition, the State has enhanced the unit cost of constructing houses for beedi workers under the Revised Integrated Housing Scheme from

Rs.45,000 to Rs.1 lakh by enhancing the State's share from Rs.5,000 to Rs.60,000.

## ADI DRAVIDAR AND TRIBAL WELFARE

110. Our Government gives special priority to the welfare of the Adi-Dravidar and Tribal communities. **This Government's commitment to their welfare is evident from the fact that the allocation under the Scheduled Caste Sub-Plan for 2012-2013 will be increased to an all time high amount of Rs.6,108.60 crores, constituting 21.82% of the Annual Plan outlay. It will also be ensured that the funds meant for Adi Dravidar reach the required target group.**

111. This Government has placed special emphasis on the educational development of Adi-dravidar and tribal communities. It may be recalled that this Government had enhanced the feeding charges for hostel students of these communities from Rs.450/- to Rs.650/- per month for school students and Rs.550/- to Rs.750/- per month for college students. **A sum of Rs.76.76 crores has been provided towards enhanced feeding charges for the year 2012-2013.**

112. **A sum of Rs.331.31 crores has been provided in this Budget for pre-matric and post-matric scholarships for students from**

**Adi-Dravidar/Tribal communities. For the first time in the history of Tamil Nadu, the Hon'ble Chief Minister has announced that the post matric scholarship will be extended to the students of Adi-Dravidar/Tribal communities studying in free and paid seats of recognised self-financing institutions.**

113. This Government proposes to take up the construction of own buildings for all Adi-dravidar welfare student hostels running in private buildings. The construction of 49 hostels has been taken up in the current financial year **and the balance 44 hostels will be taken up in 2012-2013 under NABARD-RIDF. Further, upgradation of essential infrastructure facilities in 1,080 hostels has been taken up with an outlay of Rs.83.40 crores. As yet another initiative, to end the practice of college hostel students sleeping on the floor, cots will be provided to all college hostels during 2012-2013.**

114. The Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO) will be effectively used as a tool for the eradication of poverty and unemployment among Scheduled Castes. The process of recapitalization of TAHDCO is underway and a sum of Rs.13.26 crores has been provided in these Budget Estimates for this purpose. **Special Central Assistance**

**of Rs.82 crores will be spent for the economic development of the Adi Dravidar during 2012-2013. The Ramanathapuram District Co-operative Spinning Mill will also be revitalised and revived at a cost of Rs.5.75 crores using the Special Central Assistance.**

115. It is the policy of this Government to ensure the holistic development of Tribal communities. **The allocation for the Tribal Sub-Plan will be Rs.349.31 crores, constituting 1.25% of the Annual plan 2012-2013.** As this Government desires to substantially increase the flow of funds for tribal welfare, **a Comprehensive Tribal Development Programme will be launched in the coming financial year. This programme will focus on strengthening educational infrastructure in tribal areas; improving housing, road and other basic infrastructure in tribal hamlets; providing livelihood support through encouraging income generating activities; implementing programmes to enhance the employability of tribal youth and revitalization of local area multi purpose societies. It will also try to achieve convergence with other existing infrastructure and poverty eradication programmes. A sum of Rs.50 crores has been allocated in the Budget Estimates 2012-2013 for this innovative programme.**

## WELFARE OF BACKWARD CLASSES, MOST BACKWARD CLASSES AND DENOTIFIED COMMUNITIES

116. As it had done in the case of Scheduled Caste students, this Government had also enhanced the feeding charges for the inmates of hostels for Backward Classes / Most Backward Classes / Denotified Communities from Rs.450/- per month to Rs.650/- per month for school students and Rs.550/- per month to Rs.750/- per month for college students. **An amount of Rs.61.80 crores has been provided in the Budget Estimates for providing adequate and quality food for the hostel inmates. As I have already announced for Adi Dravidar college hostels, the BC & MBC college hostels also will be provided with cots during 2012-2013.** Further, the process of construction of own buildings for all the 148 hostels functioning in rental buildings will be taken up at a total cost of Rs.115.12 crores. In the first phase, 84 hostels will be constructed at a total cost of Rs.64.48 crores. **A sum of Rs.40.58 crores has been provided for the same in the Budget Estimates for 2012-2013.** This Government is implementing the scheme for providing pre-matric and post-matric scholarships to students belonging to Backward Classes, Most Backward Classes and Denotified Communities. **A sum of Rs.149 crores has been**

**provided for 2012-2013 in this Budget for continuing these schemes.**

## MINORITIES WELFARE

117. This Government is implementing various scholarship schemes for the educational progress of students from minority communities. During 2011-2012, scholarships worth Rs.39 crores were disbursed to 2,68,211 minority students. **A sum of Rs.55 crores has been provided in 2012-2013 for continuing these scholarship schemes.** This Government had also increased the annual administrative grant to the Hajj Committee from Rs.10 lakh to Rs.20 lakh. **This increased allocation will continue in 2012-2013 also.** The monthly pension of Ulemas has been enhanced from Rs.750/- to Rs.1,000/-. **A sum of Rs.1 crore has been provided as assistance to the Ulema Welfare Board in the Budget Estimates for 2012-2013. Similarly, as was done this year, a sum of Rs.1 crore will be provided during 2012-2013 for assisting Christians to undertake pilgrimage to Jerusalem.**

## WELFARE OF WOMEN AND CHILDREN

118. The welfare of women and children has always occupied a very special place in the heart of our Hon'ble Chief Minister. The credit for starting several

nationally and internationally acclaimed schemes such as the Cradle Baby Scheme and Girl Child Protection Scheme belongs to her. I am proud to say that the Cradle Baby scheme has had remarkable success in saving girl children in the districts where it has been implemented. This year, the Hon'ble Chief Minister, taking note of the adverse child sex ratio, has expanded the scheme to the districts of Cuddalore, Ariyalur, Perambalur, Villupuram and Tiruvannamalai. As on date, 17 children have been saved and rehabilitated under this scheme in these five districts.

119. This Government has already enhanced the monetary incentive under the Girl Child Protection Scheme from Rs.22,200 to Rs.50,000 in the case of the parents undergoing family planning surgery after the first girl child and from Rs.15,200 to Rs.25,000 to each child in the event of the parents undergoing family planning surgery after the second girl child. **A sum of Rs.105 crores has been allocated in these Budget Estimates for this scheme.**

120. The scheme for distributing a four gram gold coin for the Thirumangalyam along with enhanced marriage assistance for the marriage of girls from poor families has become very popular and is a big relief for the parents of young girls. Under this scheme, an enhanced assistance of Rs.50,000 is given, if the girl is a

graduate or a diploma holder. Through such an intelligent and visionary measure, the Hon'ble Chief Minister has provided an added incentive to parents to ensure the higher education of girl children. Under this scheme so far, 69,892 poor families have benefited by receiving gold coins and financial assistance to the extent of Rs.364.64 crores. **In the coming financial year, this scheme will be implemented with an increased outlay of Rs.748.39 crores.**

121. I can safely say that no other Government scheme in history would have been so well received by the women of our State as much as the scheme for the distribution of mixies, grinders and electric fans without cost to all rice card holders. This scheme, covering all families without any restriction of income, has emancipated women from the drudgery of household work and has unlocked valuable time for them to devote to economically and socially productive activities. During 2011-2012, we had set a target to distribute 25 lakh sets of mixies, grinders and fans. **This scheme has been targeted to cover 35 lakh families in the coming financial year and an amount of Rs.2,000 crores has been provided in these Budget Estimates for this purpose.**

122. The improvement of Anganwadi Centres has received the special attention of this Government. As a

result, during the current year, minor repair works in 9,873 anganwadis have been taken up. Further, proposals to carry out major repairs in 6,202 anganwadis at a cost of Rs.39.14 crores and for providing electricity connections to 20,558 anganwadis including ceiling fan and tube light facility at a cost of Rs.12.34 crores have been sanctioned during 2011-2012. Further, the Government sanctioned Rs.36.44 crores for taking up the construction of 20,244 baby friendly toilets. **A sum of Rs.1,217.97 crores has been provided in the Budget Estimates 2012-2013 for the Integrated Child Development Scheme.**

## WELFARE OF THE ELDERLY AND THE DESTITUTE

123. The fact that one of the seven files the Hon'ble Chief Minister signed on the very first day of assuming office was to enhance the social security pension, reveals her compassion and concern for the welfare of the elderly and the destitute. The Government's decision to enhance the monthly assistance under Old Age Pension and other social security pensions from Rs.500 to Rs.1,000 has brought a new light into the life of our poor and destitute senior citizens. At present 26.41 lakh persons are benefiting from the various social security pensions. **An all time high amount of Rs.3820.25 crores has been allocated in this Budget for social security**

**pensions.** The pilot project for disbursing the social security pension through bank accounts is already implemented in three Taluks. **This will be extended to all villages with a population of above 2,000 by June 2012. The accounts can be accessed by beneficiaries only through tamper-proof biometric smart cards. In the next phase, all other villages and urban areas will be covered.** The Government has already announced its intention to set up Integrated Special Homes for both destitute children and senior citizens. During 2011-2012, the Government ordered the establishment of 64 such centres at a cost of Rs.10.21 crores. We are involving Non-Government Organisations and industry partners for implementing this scheme.

## WELFARE OF DIFFENTLY ABLED

124. Hon'ble Members are aware that it was this Government that enhanced the monthly maintenance allowance for severely mentally challenged persons from Rs.500 to Rs.1,000. **To benefit more people, now we propose to reduce the percentage of disability for eligibility of mentally challenged persons for maintenance allowance from 60 per cent to 45 per cent. Families with at least one member suffering from disability will be included under the Chief Minister's Comprehensive Health Insurance Programme irrespective of income limit.** This

Government also brought the marriage assistance to differently abled persons on par with other marriage assistance schemes **and the backlog of 3,308 petitions pending over the years under this marriage assistance scheme due to inadequate allocation was cleared in one go by this Government by making an additional allocation of Rs.6.75 crores.** This Government has also taken concerted action to implement 3% reservation for differently abled persons in Government employment and to provide a barrier free environment for them. A total allocation of Rs.206.12 crores has been provided in the Budget Estimates for 2012-2013 for the welfare of differently abled persons.

## WELFARE OF TRANSGENDERS

125. This Government has allocated Rs.1 crore to the Transgender Welfare Board this year to carry out various welfare activities for the socio-economic development of transgenders. **In the coming financial year, another Rs.1 crore will be given as grant to the Transgender Welfare Board.**

## WELFARE OF SRI LANKAN TAMILS

126. The decision of the Hon'ble Chief Minister to extend all welfare schemes to persons living in the Sri Lankan Tamil Refugee Camps was yet another illustration

of her concern for the plight of Sri Lankan Tamils. This Government had also substantially hiked the cash assistance given to the refugees. **A sum of Rs.60 crores has been allocated in these Budget Estimates for 2012-2013 for the disbursement of the increased cash assistance.** Further, the children of Sri Lankan Tamil refugees in Tamil Nadu have been permitted for the first time to participate in single window counselling for admission to lateral entry for BE/B.Tech courses and for post graduate courses like MBA, MCA, ME and M.Tech during this academic year. This support, along with the extension of the concession granted to first generation graduates among them, has paved the way for the higher education and bright future of the children of the refugees. **Considering the difficulties faced by these families living in temporary houses, we propose to construct more durable houses to replace this damaged temporary accommodation in a phased manner. During 2012-2013, we will take up 2,500 such durable houses in selected camps at a cost of Rs.25 crores.**

## WELFARE OF WEAVERS

127. This Government is implementing the scheme for free distribution of dhotis and sarees with the twin objectives of providing employment to our weavers while giving succour to the poor through provision of free

clothing. **This scheme will be implemented in the coming financial year also with an outlay of Rs.269 crores. The State Government will participate in the "Revival, Reform and Restructuring Package for Handloom Sector" implemented as a shared scheme between the Central and State Governments. Individual weavers and joint liability groups which have taken loans from Co-operative Societies for weaving purposes will benefit under the scheme. The societies in our State will get a package of support of Rs.548.35 crores, of which the State's share will be Rs.127 crores. Under this scheme, 962 Weavers Co-operative Societies will get revived in the State.**

**WELFARE OF GOVERNMENT EMPLOYEES**

128. This Government recognises that the welfare and high motivation of Government employees is vital for the successful implementation of Government schemes. This Government is taking steps to expeditiously fill up existing vacancies in all Government Departments. As training is the key to improve the capability of Government employees, **I am glad to announce that the training facilities in the Anna Institute of Management at Chennai will be further upgraded and three regional centres at Salem, Trichy and Madurai will be formed for improving the training**

**capacity. Considering the escalation in the cost of housing, the present limit of the housing loan extended to Government employees will be hiked from Rs.15 lakhs to Rs.25 lakhs. An increased allotment of Rs.247 crores has been provided in these Budget Estimates for providing housing loans to needy Government employees. As the period of the Government Employees Health Insurance Scheme is coming to an end by June 2012, it is proposed to revamp the scheme to provide a cover of Rs.4 lakhs instead of Rs.2 lakhs and it will be relaunched soon to provide health cover.**

## WELFARE OF PENSIONERS

129. The State has 6.53 lakh Government pensioners and since they are senior citizens, this Government has a special concern for them. **The allocation for pension has been increased to Rs.13,023.50 crores for the year 2012-2013. As a special gesture, the Government will enhance the financial assistance under the 'Tamil Nadu Government Pensioners Family Security Fund Scheme' from the present level of Rs.25,000 to Rs.35,000 in the event of death of the pensioner. This would entail an additional financial commitment of Rs.10 crores per annum.**

## WELFARE OF JOURNALISTS

130. This Government, soon after assuming office in May, 2011, enhanced the monthly pension for journalists from Rs.5,000 to Rs.6,000 and the family pension from Rs.2,500 to Rs.3,000. **With a view to enabling more retired journalists to get the pension, it is proposed to increase the ceiling limit of gratuity from Rs.1 lakh to Rs.2 lakhs and the ceiling limit of annual income from Rs.1.20 lakhs to Rs.2 lakhs while in service.** To enable media persons to gather news and send information to their organisations with ease, the existing Press Room in the Secretariat was renovated. **A Media Centre and a Multimedia Transmission Centre will also be established shortly at the Secretariat so as to enable reporters and correspondents to send news, photographs and video clippings to their organisations instantly without any cost.**

## TAXES

131. After assuming charge, this Government made certain changes in the Value Added Tax (VAT) rates and in the State Excise Duty on IMFL and beer. We also brought out some revisions in registration charges for certain instruments. This has afforded some relief in handling the increased resource demand for taking up

various new schemes that have been launched by us during 2011-2012. At the same time, we have also exempted doemestic LPG, fertilizers, pesticides, plant nutrients, agricultural implements, drip irrigation equipment etc., from VAT. However, the slowdown in the economy has affected our revenue flow. Despite this, based on the suggestions made in the Pre-Budget discussions with Trade and Industry Associations and also based on various representations, we propose to give tax concessions on the following items to benefit consumers:-

- **Wheat** will be fully exempted from the present levy of 2% VAT.
- **Oats** will be fully exempted from the present levy of 5% VAT.
- To promote environment friendly products, the rate of VAT on **electrically operated two wheelers** (**E-bikes**) will be reduced from 14.5% to 5%.
- To promote energy efficient devices, VAT on **Compact Fluorescent Lamps (CFL) including Compact Fluorescent Tubes** will be reduced from 14.5% to 5%.
- Keeping in mind the increasing incidence of Diabetes, to reduce the price of **insulin**, it will be fully exempted from the present levy of 5% VAT.

- In order to make the local match stick industry competitive, the present levy of 14.5% VAT on **Splints and Veneers** will be reduced to 5%.
- In continuation of the many initiatives taken by this Government to improve the health status of women and children, the present rate of 14.5% VAT on **Sanitary Napkins and Diapers** will be reduced to 5%.
- The present VAT of 14.5% on **hand made locks** will be completely removed.
- **Feeding Bottles and Nipples** will be fully exempted from the present levy of 5% VAT.
- To promote traffic and industrial safety, the present levy of 5% VAT on **Helmets** will be completely removed.

132. It is the desire of the Hon'ble Chief Minister to implement welfare and developmental programmes more vigorously. This requires adequate resources. Therefore, it has been decided to take following measures for further revenue mobilisation:-

- Alcoholic liquors of all kinds for human consumption which are purchased, procured and brought from outside the State, other than foreign liquors falling under item 3 of the second schedule of the TNVAT Act, will be taxed at the rate of 14.5% at the second point of sale in the State and

alcoholic liquors of all kinds for human consumption other than liquors falling under items 1 and 3 of the second schedule will be taxed at 14.5%, at the third point of sale.

- The exemption granted from VAT on vegetable oil for the turnover up to Rs.5 crores per year will be withdrawn to prevent tax evasion and VAT will be levied at the rate of 5% on such sale of vegetable oil.
- We propose to rationalise the tax rates on tourist taxis, maxi cabs, private service vehicles, spare stage carriers, construction equipment vehicles and other State contract carriers and to double the charges collected for advance blocking of fancy numbers. Two wheelers will be exempted from these changes.
- As the State is losing huge revenue due to non-revision of Guideline Values even after substantial increase in the market value of properties, we have decided to implement the revised Guideline Values with effect from 1$^{st}$ April, 2012. Simultaneously, to give relief to the public, we propose to bring down the Stamp Duty on instruments of sale and other instruments presently charged at the rate of 6% to 5% with effect from 1$^{st}$ April, 2012.

- We also propose to increase the present levy of Infrastructure and Amenities charges collected through the Local Planning Authorities by 50%.

133. All these measures for additional resource mobilisation by the State will improve the revenue position of the State by about Rs.1,500 crores, so that this Government will be able to implement welfare and developmental programmes more effectively without any resource constraints.

## STRENGTHENING THE TAX ADMINISTRATION

134. This Government has already initiated steps for the computerisation of the Commercial Taxes Department through a mission mode approach. As already announced in the earlier Budget, Rs.230.96 crores was sanctioned for this purpose and the Department is now in the process of commencing the comprehensive computerisation work. **In the year 2012-2013, this Government will take up the computerisation of the Registration Department also in a mission mode.**

## FISCAL PROJECTIONS

135. The finances of the State Government were in shambles when this Government assumed office in May 2011. The State had a revenue deficit of Rs.3,531

crores in 2009-2010 and Rs.2,729 crores in 2010-2011. Moreover, the fiscal deficit as a percentage of GSDP had reached 3.2% in 2010-2011. Soon after assuming office, our Hon'ble Chief Minister took many sagacious steps towards fiscal consolidation. Thus, the Revised Budget Estimates for 2011-2012 were drawn projecting a marginal revenue surplus of Rs.173.87 crores. Moreover, an all time high capital expenditure of Rs.15,877.58 crores was also proposed in the Revised Budget Estimates for 2011-2012. **I am happy to note that the Revised Estimates for 2011-2012 show that the Government has even bettered the scenario projected in the Revised Budget Estimates with a revenue surplus of Rs.536.54 crores now.** Further, capital expenditure projection in the Revised Estimates for 2011-2012, inclusive of loans and advances, will be Rs.17,133.20 crores, leading to a fiscal deficit of Rs.16,596.66 crores **which is marginally lower than the original projection.**

136. The Budget Estimates for 2012-2013 have been designed to further improve the financial position of the State Government. The Revenue receipts are projected at Rs.1,00,589.92 crores, of which the State's Own Tax Revenue (SOTR) will contribute Rs.71,460.55 crores. The State's non-tax revenue will be Rs.6,032.61 crores. The share in central taxes is estimated as Rs.15,032.47 crores and grants-in-aid from the

Government of India are estimated as Rs.8,064.29 crores. Revenue expenditure is estimated as Rs.98,213.85 crores and salaries and pensions would add up to 43% of this revenue expenditure. **The State will have a sizable revenue surplus of Rs.2,376.07 crores in the coming financial year.** The total allocation for capital expenditure will be Rs.20,856.08 crores and the total provision for loans and advances will be Rs.1,352.12 crores. Thus, the fiscal deficit will be Rs.19,832.13 crores, which would constitute 2.87% of the GSDP.

137. **I am proud to say that this Budget conforms to the norms for fiscal prudence set by the Thirteenth Finance Commission. As mandated, the State will maintain a revenue surplus and a fiscal deficit within 3% of the GSDP.** The Government's total debt at the end of 2012-2013 is expected to be Rs.1,35,060.47 crores **which constitutes only 19.6% of the GSDP, though the Thirteenth Finance Commission has permitted a Debt – GSDP Ratio up to 24.8%. In tune with our Hon'ble Chief Minister's promise that Government's debt should be controlled, this Government limited its net borrowing for the year 2011-2012 to Rs.12,873.81 crores as against the Revised Budget Estimate of Rs.16,105.86 crores. Further, we are programming to borrow only Rs.18,387.47 crores,**

**though the total borrowing entitlement given by the Government of India is Rs.20,716 crores. Moreover, Hon'ble Members may note that the net borrowing is lower than the projected capital expenditure, thus showing that this borrowing is going to finance capital expenditure alone.** The Medium Term Fiscal Plan is given as an annexure to the Budget Speech. I request that this may be taken as read, as part of the Budget Speech.

138. Over the years, we have seen that the burden of rescuing the State from the precipice of financial doom, created by the mismanagement and profligacy of previous Governments always falls upon our Hon'ble Chief Minister. It is our view that Public Sector Undertakings have to survive in order to serve the people and reasonable periodic revision in tariffs will be bearable and acceptable to the people. Any Government which fails to take such measures, due to the fear of unpopularity, actually causes more harm to the system and the people. Against this backdrop, the remarkable turn-around of the financial position of the State Government achieved in the last one year, was no mean task. It required vision and determination that only our Hon'ble Chief Minister could provide. It also called for some tough measures like increasing tax rates and tariffs which our Hon'ble Chief Minister had to take out of financial compulsion, *albeit* reluctantly. **It will not be**

**out of place to mention here that this Government has allotted a total sum of Rs.30,331 crores for the social security net and various welfare schemes.** What is most admirable is that the State's financial position has been resurrected at a time when the Government has launched and is successfully implementing an unprecedented number of schemes for the welfare of the common people.

139. Hon'ble Speaker Sir, I have tried to give a Budget which is balanced, growth centric and welfare oriented. As the Central Government's support is not forthcoming on many critical issues, we could achieve this, only by standing on our own feet. I hope people from all walks of life will welcome this Budget. We also seek suggestions from the Hon'ble Members and I assure you that we will take appreciation and constructive criticism with equanimity. We may have many differences. But, when the question of the State's interest and the welfare of the people comes before us, we have to necessarily sink all our narrow differences and work unitedly with a true spirit of co-operation. Therefore, I am confident that you will all extend your support to this Budget so that the State marches forward on the path towards progress and prosperity.

140. In line with the divine words of Appar Adigal that my duty is only to serve, working tirelessly for the

welfare of the people of Tamil Nadu, our Hon'ble Chief Minister has taken strenuous efforts by conducting a series of reviews with all the Departments and she has sharpened and chiselled the ongoing schemes and formulated the new schemes with care and caution to bring shape to this Budget. Her wisdom, deep knowledge, vast experience and clear vision have all gone into the formulation of this Budget as advice and invaluable guidance. I am greatly indebted to our Hon'ble Chief Minister who is the embodiment of profound wisdom and compassion for guiding me to succeed in this endeavour to present this Budget.

141. I also thank the Principal Secretary, Finance, Thiru K. Shanmugam, IAS, and his team of officials in the Finance Department who have been working tirelessly on the formulation and preparation of this Budget.

142. With these words, Hon'ble Speaker Sir, I commend the Budget Estimates for 2012-2013 for the approval of the House.

**Nanri**

**Vanakkam**

**O.PANNEERSELVAM**

**Minister for Finance**

**Chennai,**
**26th March 2012**
**Panguni - 13, Thiruvalluvar Aandu 2043**

# APPENDIX

## MEDIUM TERM FISCAL PLAN

According to Section 3 (1) of the Tamil Nadu Fiscal Responsibility Act, 2003, the Government is required to lay before the Legislative Assembly a Medium Term Fiscal Plan (MTFP) along with the Budget. Section 3 (2) of this Act requires that the MTFP shall set forth a multi-year rolling target for the fiscal indicators like Revenue Deficit and Fiscal Deficit while clearly indicating the underlying assumptions made to arrive at those projections. In compliance with this Act, a Medium Term Fiscal Plan for the coming year and the next two years i.e. the period from 2012-2015 is hereby placed before the Legislative Assembly.

### Objectives

The main objective of this MTFP is to strike a balance between the need for developmental expenditure and fiscal prudence. The Government has launched a large number of welfare schemes. Moreover a big boost has been given to capital expenditure. There is a need to adequately finance these schemes. At the same time, the Government is committed to achieve fiscal consolidation by complying with the roadmap set by the Thirteenth Finance Commission. The MTFP ensures that the following goals of fiscal prudence are complied in the period 2012-2015 and thereafter:

a. Revenue surplus will be maintained.

b. Fiscal deficit will be kept within 3% of GSDP

c. Debt as a percentage of GSDP will be maintained well below the norms of 24.8% in 2012-2013, below 25% in 2013-2014 and below 25.2% in 2014-2015 fixed by the Thirteenth Finance Commission.

## Future Prospects

## I. Revenue Receipts

The total Revenue Receipts of the State Government are estimated as ₹ 100,589.92 crores in 2012-2013. Its important components are discussed below.

### 1. The State's Own Tax Revenue

The State's Own Tax Revenue is ₹ 59,932.31 crores as per Revised Estimates 2011-2012. It is estimated to increase to ₹ 71,460.55 crores in Budget Estimates for 2012-2013. This would mean a growth of 19.24%. State's Own Tax Revenue - GSDP ratio for 2012-2013 will be 10.35 as per Budget Estimates for 2012-2013. A growth rate of 15% is asumed to 2013-2014 and 2014-2015. The salient features of the major components of the State's Own Tax Revenue are discussed below.

a) The receipts under Commercial Taxes are estimated at ₹ 46,678.10 crores in the Budget Estimates 2012-2013. This takes into consideration a growth of 17.42% over the Revised Estimates 2011-2012. The higher growth rate is projected on account of the impact of revision of tax rates during the current year which will be felt for the full year during 2012-2013 and also due to certain additional resource mobilisation measures announced in this Budget.

b) State Excise Receipts have been estimated at ₹ 11,473.97 crores during 2012-2013. There is an increase of 16% over Revised Estimates 2011-2012 assumed on the basis of high growth rates in the past few years.

c) Receipts from Stamp duty and registration is expected to growth at a considerably high rate of 30.91% in 2012-2013 due to the revision of guideline value. Hence, the receipts under this item is fixed as ₹ 8,466.94 crores in 2012-2013 as against ₹ 6,467.55 crores in 2011-2012.

d) As a result of the changes in the rates and structure of motor vehicle tax from the coming financial year, this item is also expected to show a very high growth of 28.99%. Hence the receipts under this item is fixed as ₹ 4,141.11 crores in

2012-2013 as against ₹ 3,210.39 crores in 2011-2012.

**2. Non-Tax Revenue**

Non-Tax Revenue is estimated at ₹ 6,032.61crores in the Budget Estimates 2012-2013. In view of the limited mining potential of our State as well as the fact that most of Government services are delivered free of cost or only at nominal rate, non-tax revenue is estimated only at a low growth rate of 9% when compared to Revised Estimates 2011-2012. A growth rate of 3% is assumed for 2013-2014 and 2014-2015.

**3. Share in Central Taxes**

The Thirteenth Finance Commission reduced the share of Tamil Nadu in the devolvable net tax revenue of the Union Government from 5.374% to 5.047% in case of Service Tax and from 5.305% to 4.969% in case of other taxes. Share in Central Taxes for the State has been estimated at ₹ 15,032.47 crores during 2012-2013 based on the projection given in the Union Budget. A growth rate of 15% is assumed for 2013-2014 and 2014-2015.

**4. Grants-in- Aid from the Union Government**

The Grants-in-Aid from the Government of India have been estimated at ₹ 8,064.29 crores in the

Budget Estimates 2012-2013 by taking into account the various plan grants, non-plan grants and the grants recommended by the Thirteenth Finance Commission. A growth rate of 10% is assumed for 2013-2014 and 2014-2015.

## II. Revenue Expenditure

The revenue expenditure during 2012-2013 is estimated at ₹ 98213.85 crores which shows a growth of 15.5% over Revised Estimates 2011-2012. The launching of a large number of developmental schemes and increasing the quantum of assistance under the existing schemes, along with the planned filling up of the vacancies is responsible for this increase. The salient features of the major components of the Revenue Expenditure are discussed below.

1) The allocation for salaries is ₹ 29,212.36 crores and for pension is ₹ 13,023.50 crores in 2012-2013. Together, salaries and pensions constitute 43% of the total Revenue Expenditure in this Budget. Though arrears under the Sixth Pay Commission recommendations have been fully paid, periodic hikes in Dearness Allowance, increment, and additional commitments towards filling up of vacancies keep the expenditure high under the

above categories. A growth rate of 12.5% is assumed for 2013-2014 and 2014-2015.

2) The allocation for Subsidies and Grants is ₹ 36,190.67 crores in the Budget Estimates for 2012-2013. The high allocation is necessary due to various welfare schemes announced by the Government like distribution of free rice under PDS, increased assistance under various social security pensions and marriage assistance schemes, maternity assistance scheme, provision of milch cows and goats and sheep etc., besides increase in Grants-in-Aid to Urban and Rural Local Bodies commensurate with increased estimates of receipts under State's Own Tax Revenue on account of additional resources mobilisation and increased subsidy to Tamil Nadu Electricity Board. A growth rate of 15% is assumed for 2013-2014 and 2014-2015.

3) Non-Wage Operations and Maintenance Expenditure shows an increase of 10% in Budget Estimates 2012-2013 over Revised Estimates 2011-2012. This is mainly on account of scheme for free distribution of electric fan, mixie and grinder, free supply of uniforms to school students etc. A growth rate of 10% is assumed for 2013-2014 and 2014-2015.

4) Interest payments have been estimated as ₹ 10,945.31 crores in 2012-2013. The ratio of interest payments to Total Revenue Receipts will be 10.88% in 2012-2013. This is expected to the 10.99% and 11.09% during 2013-2014 and 2014-2015 respectively.

**III. Capital Expenditure**

The State has proposed to give a major thrust to capital expenditure in 2012-2013. As a result, the allocation under capital expenditure has been increased from ₹ 16,388.34 crores in Revised Estimates 2011-2012 to ₹ 20,856.08 crores in Budget Estimates 2012-2013. This represents a hike of 27%. This is expected to grow at 15% in 2013-2014 and 2014-2015. The expenditure on capital account inclusive of loans and advances is estimated as ₹ 22,208.20 crores in 2012-2013.

**IV. Revenue Surplus and Fiscal deficit**

It is estimated that the revenue surplus for 2012-2013 will be ₹ 2,376.07 crores. The State will also continue to maintain revenue surplus in 2013-2014 and 2014-2015. Fiscal deficit for 2012-2013 is estimated as ₹ 19,832.13crores. This would constitute 2.87% of the GSDP. In the forthcoming years, FD-GSDP ratio will be 2.88 in 2013-2014 and 2.86 2014-2015.

## V. Public debt

The borrowing entitlement of the State Government for the year 2012-2013 is ₹ 20,716 crores. However, the Government plans to restrict the borrowing. The net borrowings into the Consolidated fund of the State is estimated as ₹ 18,387.47 crores. The outstanding public debt including other liabilities like provident fund will be ₹ 1,35,060.47 crores as on 31.3.2013. This will constitute only 19.56% of GSDP.

## VI. Guarantees

The State is prudently managing its contingent liabilities. The outstanding guarantees for each year have to be restricted at a level below 100% of the Total Revenue Receipts in the preceding year or below 10% of the GSDP whichever is lower. The outstanding guarantee as on 31.3.2012 was 11.95% of Total Revenue Receipts and 1.44% of GSDP. The outstanding risk weighted guarantee for each year has also to be kept at a level below 75% of the Total Revenue Receipts in the preceding year or 7.5% of GSDP whichever is lower. The outstanding risk weighted guarantee as on 31.3.2012 stood at 2.57% of Total Revenue Receipts and 0.31% of GSDP. It is proposed to restrict the issue of new guarantees and

it will be ensured that the new guarantees are given only to productive projects.

**Band of variations**

Various components of expenditure have been fully accounted for in this MTFP. Hence there is no scope for upward variations. However, revenue receipts may vary due to downward trends in economic growth. If it is assumed that even if there are 3 percentage points falls in growth rate of revenue receipts in 2012-2013, 2013-2014 and 2014-2015, the State will still be in a position to maintain revenue surplus and fiscal deficit within 3% of GSDP by suitably reducing uncommitted expenditure like subsidies, grants and capital expenditure.

**Conclusion**

The State has shown remarkable fiscal recovery in the last ten months. The State will achieve all the targets set by the Thirteenth Finance Commission during 2012-2013 and will also be able to maintain the same success in the forthcoming years.

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# Table - Medium Term Fiscal Plan

(Rupees in

| February-2011 | 2010-2011 Projection | 2010-2011 Accounts | 2011-2012 Projection | 2011-2012 Revised Estimates | 2012-2013 Projection |
|---|---|---|---|---|---|
| **Revenue** | **63,419.01** | **70,187.62** | **72,770.26** | **85,552.85** | **98,793.94** |
| **State's Own Revenues** | **46,639.21** | **52,433.63** | **52,942.82** | **65,474.89** | **75,166.93** |
| Tax | 43,400.25 | 47,782.18 | 49,311.60 | 59,932.31 | 70,548.70 |
| Non-Tax | 3,238.96 | 4,651.45 | 3,631.22 | 5,542.58 | 4,618.23 |
| **Central Transfer** | **16,779.80** | **17,753.99** | **19,827.44** | **20,077.96** | **23,627.01** |
| Shared Taxes | 10,233.24 | 10,913.97 | 11,961.94 | 12,714.95 | 15,077.74 |
| Grants | 6,546.56 | 6,840.02 | 7,865.50 | 7,363.01 | 8,549.27 |
| | | | | | |
| **Non-Interest Expenditures** | **69,056.76** | **78,425.80** | **78,825.12** | **92,916.11** | **106,572.89** |
| Salaries (including GiA for education) | 21,623.95 | 23,825.43 | 24,535.50 | 26,188.39 | 31,154.13 |
| Pensions & Retirement Benefits | 10,107.62 | 11,635.32 | 10,883.82 | 12,080.12 | 13,774.72 |
| Non- Wage O & M | 4,510.80 | 4,664.69 | 4,840.17 | 7,778.45 | 7,871.01 |
| Subsidies and Transfers | 20,482.63 | 24,365.72 | 23,824.76 | 29,726.34 | 34,506.46 |
| Other Revenue Expenditures | 7.13 | 16.71 | 7.57 | 9.61 | 7.34 |
| Capital Outlay | 11,582.67 | 12,436.27 | 14,127.39 | 16,388.34 | 18,259.23 |
| Net Lending | 741.96 | 1481.66 | 605.91 | 744.86 | 1000.00 |
| | | | | | |
| **Fiscal Indicators** | | | | | |
| Primary Surplus (+)/ Deficit (-) | **-5,637.75** | **-8,238.18** | **-6,054.86** | **-7,363.26** | **-7,778.95** |
| Interest Payments | 6,651.19 | 8,408.45 | 8,411.42 | 9,233.40 | 10,130.17 |
| Interest Payments / Total Revenue Receipts | 10.49% | 11.98% | 11.56% | 10.79% | 10.25% |
| Revenue Surplus(+) / Deficit(-) | **35.68** | **-2,728.69** | **267.01** | **536.54** | **1350.11** |
| Revenue Surplus(+) / Deficit(-) over TRR % | 0.06% | -3.89% | 0.37% | 0.63% | 1.37% |
| Revenue Surplus(+) / Deficit(-) over Fiscal Surplus(+) / Deficit(-)% | -0.29% | 16.39% | -1.85% | -3.23% | -8% |
| Fiscal Surplus (+) / Deficit(-) | **-12,288.94** | **-16,646.62** | **-14,466.29** | **-16,596.66** | **-17,909.12** |
| Fiscal Surplus (+) / Deficit(-) over GSDP% | -2.73% | -3.21% | -2.96% | -2.85% | -2.74% |
| Gross State Domestic Product (GSDP) | **4,50,474.00** | **5,18,576.00** | **4,87,996.00** | **5,81,635.00** | **6,54,340.00** |